

# Herald INTERNATIONAL Tribune

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## Croats Form Anti-Serbia Military Pact With Bosnia

*Alliance Could Mean An Increase in Fighting Throughout the Region*

**ZAGREB, Croatia** — Croatia formed a military alliance Monday with Croats and Muslims in Bosnia in a move that adds muscle to the anti-Serbian front in both republics.

The carrying out of an agreement on forming a joint headquarters was announced after a meeting of political and military leaders representing Croatia, the Bosnian Croats and the Muslims.

It was unclear if the move would be translated into practice. A Bosnian Croat and Muslim federation with close ties to Croatia has existed on paper for a year, but few of its political and military provisions have been carried out.

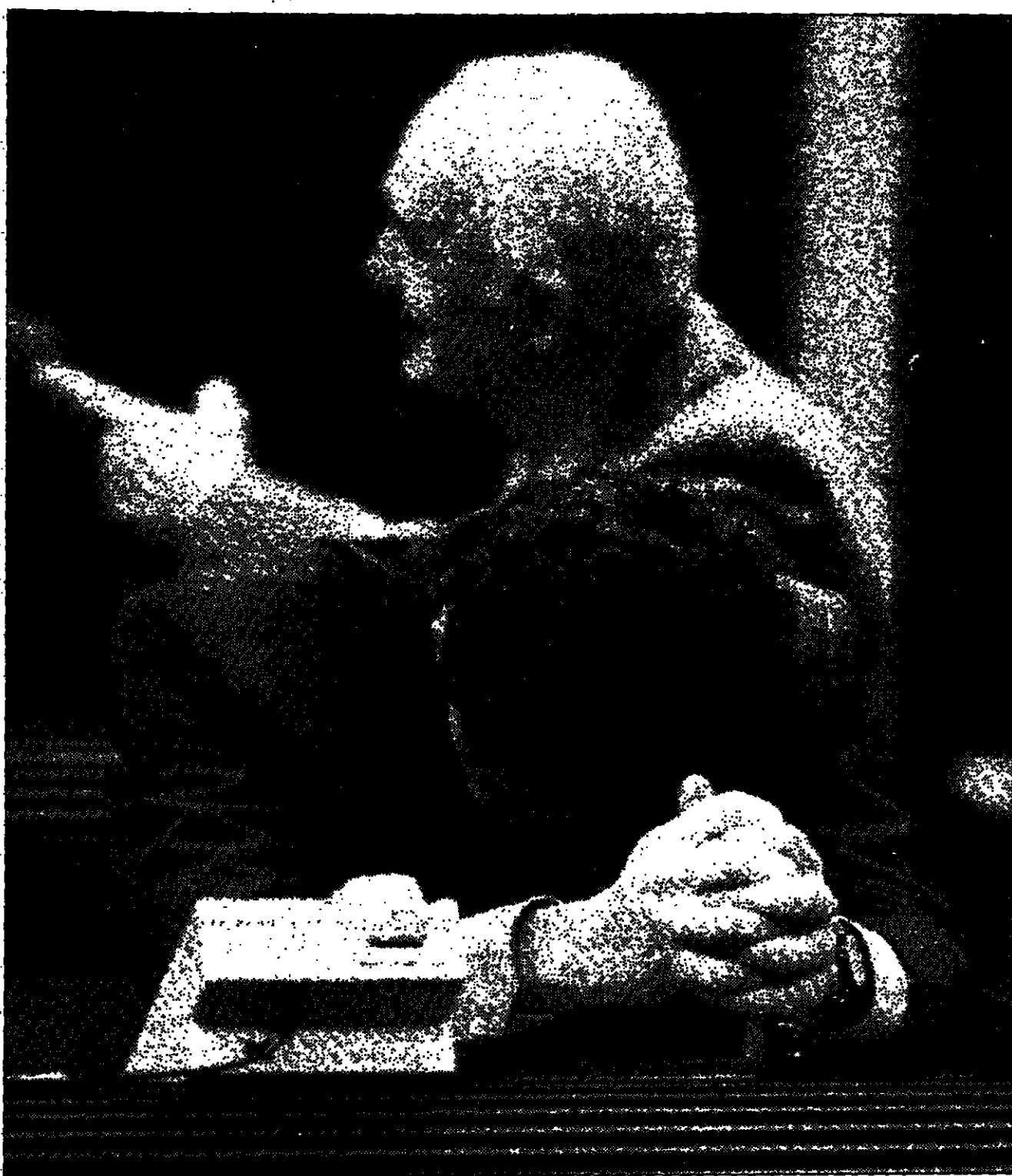
[In another move that many believe will accelerate the drift toward broader conflagration in the Balkans, a senior United States envoy failed to secure any discernible public shift in demands that United Nations peacekeepers leave Croatia. The New York Times reported from Zagreb.

[The development coincided with a warning by the Bosnian foreign minister, Irfan Ljubijankic, in London that the region was "dangerously close to a resumption of all-out war. At the moment we have a diplomatic vacuum."]

The Croatia-Bosnia accord theoretically would permit Croatia to get officially involved in fighting in Bosnia, in areas such as in the northwestern Bihac pocket on the Croatian border. That, in turn would increase the fighting, with rebel Serbs in Croatia doing even more to aid their brethren in Bosnia.

Kresimir Zubak, the Croat heading the new federation, said the implementation meant "that we would be prepared, if we cannot solve the crisis by peaceful means, to act jointly to defend ourselves from the

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A Milan trader regrouping Monday during the currency exchange turmoil. The lira plunged against the Deutsche mark.

## Devaluations Cripple EU Currency Hopes

*U.S. Shrugs As Dollar Hits Record Lows*

*Peseta Action Fails to Calm Jittery Markets*

By Lawrence Malkin

By Tom Buerkle

**NEW YORK** — The U.S. government did nothing as the dollar slid to new lows Monday, showing that it was apparently prepared to tolerate a free-fall rather than jeopardize the domestic economy by raising interest rates.

Few economists quarreled with the hands-off policy, which was widely seen as a choice between evils, but the trading world called for action even as it profited from trading weak currencies like the British pound.

Following the weekend devaluations in Spain and Portugal, the dollar opened weak in uncertain European markets and continued to drop as trading moved to New York. The U.S. currency slipped half a yen in the morning, hitting a new postwar low of 92.45 yen before stabilizing. The dollar closed at 92.87 yen, down from 94.135 yen on Friday.

The dollar also hit a postwar low of 1.165 Swiss francs, before recovering to close at 1.1744 francs, down from 1.2010 francs.

The U.S. currency also closed at 1.4042 See DOLLAR, Page 6

**BRUSSELS** — The forced devaluations of the Spanish peseta and Portuguese escudo Monday dealt a severe blow to the chances of achieving an early European monetary union, officials and analysts said, yet at the same time the moves failed to restore calm to Europe's currency markets.

European central banks and finance ministries acted before the peseta reached its floor level in a bid to avoid the appearance of a crisis. But the move raised fears that speculators may seek to force the Spanish currency out of Europe's exchange-rate mechanism or to target other currencies.

"It has not assured the market," said Ernest Bomans, chief foreign exchange dealer at Kredietbank in Brussels. "We fear attacks on other currencies — the French franc or Belgian franc."

Indeed, the French franc hit an all-time low against the Deutsche mark of 3.5510 Monday as it continued to sag along with Prime Minister Edouard Balladur's poll ratings. It recovered slightly, to close at 3.5476 per mark. (Page 12)

The Belgian franc eased to 20.635 per mark from 20.610.

The peseta, whose central rate in the exchange-rate mechanism was devalued by 7 percent, was quoted at 90.43 to the mark, down from 88.60 Friday.

The devaluations were the first since Aug. 2, 1993, when the European Union dramatically widened the allowable fluctuation range for currencies in its exchange-rate mechanism. The moves proved that exchange-rate flexibility alone cannot save the currencies of countries like Spain, where a scandal-plagued government has

See PESETA, Page 6

Dow Jones	Trib Index	
Up 7.95 3897.56	Down 0.11% 111.45	
The Dollar		
New York	Mon. close	previous close
DM	1.4042	1.4235
Pound	1.6238	1.6295
Yen	92.87	94.135
FF	4.978	5.017

## AGENDA

### Mexico Seeks to Extradite Prosecutor

**MEXICO CITY (AP)** — The government said Monday it would seek to extradite a former prosecutor being held in the United States to face charges of obstructing an assassination inquiry. A statement from the attorney general's office said Mario Ruiz Massieu was wanted on suspicion of obstructing his own investigation into the Sept. 25 murder of his older brother, José Francisco Ruiz Massieu, the No. 2 leader of Mexico's governing party.

He was arraigned before a federal

judge in Newark, New Jersey, on Monday afternoon and ordered held without bail on a charge of failing to declare \$40,000 in cash when he entered the United States last Friday. Mexican news media reported the government would seek his extradition for trial on charges of altering depositions to protect Raúl Salinas, who allegedly ordered the killing.

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## Japanese Banks Tangled in Barings Crash

By Sheryl WuDunn

New York Times Service

**TOKYO** — Among those with the most at stake when Barings, the British investment bank, collapsed a week ago were Japanese banks, which faced potential losses of more than \$700 million.

Japanese banks apparently made various loans to Barings to help it meet margin calls at the securities exchanges in Japan, according to two Japanese economic newspapers.

Officials at the Finance Ministry declined to comment on the reports, although one official conceded that Japanese banks did have loans outstanding to Barings.

Barings, which was sold late Sunday to the ING Group of the Netherlands, collapsed after a trader in its Singapore office made a highly leveraged bet that went sour when the Japanese stock market started declining in recent months.

As reported, the loans, some of them unsecured, were used by Barings to fulfill margin requirements for futures trading at the Osaka Securities Exchange and elsewhere.

The total amount extended by the banks to Barings was said to be 67.7 billion yen (\$710 million). But analysts said that because it was spread among 15 banks, the

potential losses were unlikely to have a catastrophic impact on their earnings.

It was not clear whether the banks would actually lose the lent money, given that ING Group is injecting about \$1 billion in cash to keep Barings in operation. The Dutch company has pledged to assume the liabilities as well as assets of Barings.

But the fiscal year in Japan ends March 31, and because of the uncertainty, the Japanese banks may decide to write off quickly a substantial amount of the exposure as losses. Altogether, the amount written off this year could be as much as \$537

See BANK, Page 6

## Poverty Meeting Shows New Wariness About Aid

By Barbara Crossette

New York Times Service

**COPENHAGEN** — As representatives from more than 130 nations began to talk Monday about growing poverty worldwide and how to deal with it, it soon became apparent that slow but significant shifts are taking place in the thinking of both rich and poor nations that may bring new cooperation in finding solutions.

In the developing world, there is a realization that the industrial countries are in no mood or condition to pay more for programs popularly considered ineffective, if not wasteful.

As if to make the point clearer, some European groups among the nongovernmental organizations meeting here in their own forum are saying that there are many social problems to solve closer to home — including a high rate of unemployment — and that is where resources should go.

In February, an aid meeting between the European Union and nations in Africa, Asia and the Pacific had to be called off because of the reluctance of the Europeans to commit anything but what the French called a "derisory" amount of money to former colonies and trading partners.

Among delegates and a larger number of unofficial representatives of richer nations, however, there is also a new understanding that poverty and social dislocation far away have global consequences. They create immigration, health epidemics, markets too poor to buy exports and economies risky to investors.

But at the same time, the industrial

world and international institutions including the World Bank, the International Monetary Fund and the United Nations development program are asking that developing nations put their own financial and governmental houses in order, and begin putting money into schools and health programs, not more weapons or expensive public projects that benefit only the elite.

At a news conference Monday, after delivering the opening speech of the conference, Secretary-General Boutros Boutros Ghali of the United Nations warned, "You will not have profound change here because the international community will not be ready for it."

But outside the main conference hall, change was in the air. In a string of press briefings, interviews and informal conversations in the dozen or so cafes the Danish government has scattered around the exhibition center where the conference is taking place, concrete proposals were being made to harness the financial strength and ingenuity of the richer North to the needs of the poorer South.

Inside the formal meeting, the World Summit on Social Development, there was movement also. With unexpected ease, the Group of 77 — now an organization of more than 130 developing nations — agreed to a nonbinding goal known as the 20-20 proposal. This would ask all donor nations and institutions to earmark 20 percent of their foreign aid for basic social needs: schools, hospitals, women's programs and the like.

Developing nations would be expected to allocate 20 percent of their expenditures to the same underfinanced sectors.

Among richer nations, which now spend about 7 percent on average on social programs abroad, that would mean a tripling in money intended only for the neediest in countries receiving aid. For the poorer nations, which spend on average about 10 percent or less of their budgets on basic services, they would have to double expenditures in those fields.



Two delegates from Sierra Leone studying papers at the beginning of the United Nations World Summit on Social Development in Copenhagen on Monday.

## Bring Back the Rod? America Waves Stick at Crime

By Ann O'Hanlon

Washington Post Service

**WASHINGTON** — Nearly a year after an American teenager, Michael P. Fay, was caned in Singapore for vandalism, a movement for similar forms of punishment is surging in the United States. At least nine states are considering corporal punishment laws, which would allow use of a paddle or cane to punish street criminals.

"Call Michael Fay and ask him if he'd go over there and do that again and I bet he'd say no," said state Representative Doug Gunnels, Republican of Tennessee, sponsor of a bill being considered by the state legislature.

"This Singapore incident got my attention," said state Representative Tom Cameron of Mississippi, sponsor of a caning bill that passed the Mississippi House but was stopped by a Senate subcommittee.

Mr. Cameron said the crime problem in the United States had prompted him to look for new ways to deter criminals.

"Obviously, nothing else is working," he said.

Corporal punishment bills also are pending in New York and California. According to legislators in those states, the introduction of similar measures is being considered in at least five other states. A crime bill including a corporal punishment clause was introduced in Congress last session but received no action.

The momentum began in California last May, when a Republican assembly-

man, Mickey Conroy, was sparked to action by the Fay incident. The American teenager was caught spray-painting cars in Singapore and was sentenced to four months in prison, a \$2,230 fine and six lashes, reduced to four after appeals from President Bill Clinton and the teenager's parents.

Prior to introducing the California bill, which would allow judges sentence minors to paddling for crimes, Mr. Conroy floated the

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### Newsstand Prices

Bahrain	0.800 Dhs	Mails	35 c.
Cyprus	C. £ 1.00	Nigeria	110.00 Naira
Denmark	14.00 Dkr.	Qatar	1,000 Riels
Finland	11 F.M.	Saudi Arabia	8.00 Riels
Gibraltar	2.085	Rep. Island	JR £ 1.00
Great Britain	£ 5.000	S. Africa	9.00 R
Japan	¥ 500	U.A.E.	8.50 Dhs
Korea	₩ 150	U.S. Mail	8.10
Kenya	500 Kshs	Zimbabwe	2m. \$20.00



## Looking for Clues to Black Rule/South Africa's Ambassador

## Washington Scrutinizes Mandela's 'Novelty' Messenger

By Lynne Duke  
Washington Post Service

WASHINGTON — Franklin Abraham Sonn can feel the scrutiny. Constantly, he is being studied and assessed by the people he encounters, as if through him they can divine South Africa's future. He is the Republic of South Africa's first ambassador to the United States under the black majority government of President Nelson Mandela, and Mr. Sonn knows that Americans, especially white Americans, are analyzing him for clues to issues difficult to confront.

These include race: "Is Mandela's belief that we are not against white people — is it real? Secondly, is this response of the white people to him, where they say they will follow this man although he's black — is that response justified?"

And intelligence: "Do these people have substance? Can he talk? Can he string words together? Does he know about a credit rating?"

And leadership: "Are there more like him? We have Mandela, we have him. Show me another one. ... Americans have this love affair with Nelson Mandela because here is the person that transcends the normal human emotions and all that, and he has selected a person to come to this place. Who is this guy? Let's see."

Mr. Sonn is used to it. He is a jocular man of urbane wit who is slightly amused, slightly cynical about these complex litmus tests he must continually pass. Apartheid trained his racial intuition well, and knowing how a nonblack world views his black one is just one more tool in his new diplomatic trade. After all, it is at the level of unspoken subtexts where minds are changed, hearts won.

There is no other nation like South Africa and no other leader like its new president, and now, there is no other diplomat like Mr. Sonn: the messenger of a living legend named Mr. Mandela and his gospel of national transformation.

That, the ambassador explains, is "the novelty that I am."

Mr. Sonn, 55, rocks with laughter at his own jokes. "They say that the appearances of the ambassadors have improved exponentially," he deadpans in mock self-promotion when told a profile will be written about him.

In the next minute, he's whispering as though some higher authority is eavesdropping. His strongest impression of Washington: "How segregated it is!" Then he adds, "Oh I'm going to get myself in serious trouble."

Mr. Sonn speaks passionately, sometimes ministerially, about South Africa's triumphs, its potentials, its affinities to the United States. Attending a commemorative ceremony for Martin Luther King Jr. at the Ebenezer Baptist Church in Atlanta in January, he recalled, was "like we were standing in a holy place, like a mecca."

He spoke that day "about how the struggle of black people and the struggle for nonracialism is one struggle and that we're separated by continents and nations, but we are one."

His is not the liberation bloodline of the Mbekis or the Sisulus or the Tambos. Unlike members of those other iconic families of "the struggle," Mr. Sonn never was jailed, banned, or exiled. He did not become a member of the African National Congress until 1990, when the once-banned organization was legalized. He even is a member of the Dutch Reformed Mission Church, an offshoot of the church that provided the theological justification for



Franklin Sonn, South Africa's envoy: "I have become a symbol of what's possible."

apartheid, called the Dutch Reformed Church.

He actively pressed against the walls of apartheid, though initially in a far more moderate manner so often found among the mixed-race people, called coloreds in South Africa, who held tightly to the advantages apartheid gave them over blacks. Mr. Sonn, who is of mixed race and also considers himself a colored, says his political moderation was determined in part by his desire to stay relevant and connected to the mixed-race population.

"I've always had a very strong sense of where my community was at, and for that reason I stuck to them. I wasn't so radical that I would lose my touch with them. So the more radical people felt that I was too conservative," he said. He would not say on the record just who he meant.

In the 1970s and early 1980s, Mr. Sonn was willing to accept gradual change in apartheid. A 1981 editorial in the Cape Times said, "Mr. Sonn cannot be accused of radicalism or revolutionary ambitions."

He worked inside the system, maintaining a constituency within his mixed-race community and supporters among conservative whites in power even as he pressed further toward the liberation philosophies of Mr. Mandela. He became increasingly outspoken and often marched in the streets along with

anti-apartheid leaders such as Archbishop Desmond M. Tutu of the Anglican Church. Mr. Mandela, though jailed, learned of Mr. Sonn, and in 1986 wrote to him in praise of his work.

Others suffered more than he under apartheid. Mr. Sonn acknowledges, "and if that was the criterion, then I shouldn't have gotten" the ambassadorship. "That I really was a person who achieved despite apartheid is undoubted. And I have become, for that reason, a symbol of what's possible."

Mr. Sonn flourished professionally in the field of education, which under apartheid was separate for every racial group. He was rector of the 8,000-student Peninsula Technikon, a vocational college for mixed-race South Africans. He led teachers' unions and other education groups, frequently quoting Martin Luther King Jr. in his speeches. He worked with government ministers in mostly futile efforts to improve the educational system.

AFTER the elections, he was touted as a candidate for minister of education. He has little formal international diplomatic training, though he assisted former President Jimmy Carter when the two served as monitors of Zambia's elections in 1992. But his deft navigation of South Africa's racist system at the height of apartheid suggests skills at least as valuable as formal ones. And above all, he has Mr. Mandela's ear.

"I think he has natural diplomatic abilities and he honed them over the years down there having to deal in many situations where he was mediator and go-between," said Robin Hoen, executive director of the U.S.-South Africa Leadership Development Program, formerly the Leadership Exchange Program.

Mr. Sonn is already close to several business leaders in South Africa and in the United States, in part through the Leadership Exchange Program, which he once led. He also has been inundated with invitations to speak before business and other groups.

"Franklin Sonn will be a great asset to South Africa here," said J. Daniel O'Flaherty, executive director of the U.S.-South Africa Business Council, an association of companies that are doing or are interested in doing business in South Africa.

"He will, I think, be very popular in the business community. He has huge legitimacy. So I think it's a great appointment. What is missing in his experience will be quickly made up for. And he's got a dynamite number two," he added, referring to Andre Kilian, the deputy chief of mission.

Before his assignment in Washington, Mr. Kilian was South Africa's high commissioner, or ambassador, to Canada. He has been posted in Washington twice before. Had apartheid continued in South Africa, Mr. Kilian could well have been in line for the ambassadorship here.

"And I would have been the first secretary or the counselor," said Mr. Sonn.

Mr. Kilian, for his part, does not wish to speculate on what could have been.

But the two men speak in sync about the embassy's mission. Mr. Sonn even suggested that they are like a "Mandela-de Klerk" duo. (Mr. Mandela and Frederik W. de Klerk, South Africa's second deputy president, jointly won the Nobel Peace Prize in 1993, but now appear to grate on each other's nerves.)

WHEN Mr. Sonn first arrived at the embassy last month with his wife, Joan Heather Gelderbloem, the silence in corridors of the building seemed as repressive as apartheid itself. Office doors remained closed. Hushed tones prevailed. No laughter or chatter could be heard. The bunker mentality of South Africa's years as a pariah, when protesters besieged the building, gave the embassy a "defensive, protective, shuttered-down" atmosphere. Lobby receptionists still sat behind glass, sealed off from the entering world, as if expecting attack.

"I spent the first couple of days just trying to unleash the negative energy that was in this office," Mr. Sonn said. "I turned the screws down and said to everybody, 'Relax! It's O.K. It's all right. Enjoy yourself. Life is fun. And open your door! I just tried to create a relaxed atmosphere. I felt that was important to prepare the ground for building a new ethos.'"

"We want to show that, unlike other African countries, we're not going to do to whites what they've done to us. We're serious about building nonracialism. We're serious about equal opportunity. We're serious about leveling the playing field."

"My mission is that this will be the best foreign mission, the best South African foreign mission, which is an example, a microcosm of a nonracial democratic society. That is what I want to create here."

"And already, let me just say, already the changes here have been enormous. People laugh, they smile, there are noises in the corridors. There are noises now. People laugh and shout. Which I like. I like noise. It shows life."

Europeans Stymie U.S. on Unicef Post  
Dispute Is Skirmish in Battle To Control World AgenciesBy Steven Greenhouse  
New York Times Service

WASHINGTON — In a bitter, behind-the-scenes diplomatic battle, the 15 nations of the European Union have frustrated the Clinton administration's efforts to have an American public health specialist named executive director of the United Nations Children's Fund.

The agency has been headed by an American since it was founded in 1946, and until recently the administration was confident that its candidate, Dr. William H. Foege, a former director of the Centers for Disease Control and Prevention, would become the agency's new executive director.

But U.S. officials acknowledge that the European Union has at least now prevailed on the UN secretary-general, Boutros Boutros Ghali, not to choose Dr. Foege.

The fight is the latest in a long-running trans-Atlantic battle over who should run different international organizations, a struggle involving prestige and the major powers' sense that they deserve to run their fair share of UN agencies.

"I said to Boutros Ghali on behalf of the European Union, it is a post that has since the beginning been held by an American," said Jean-Bernard Mérimée, France's chief UN delegate. "We think it's time for a change."

But Madeleine K. Albright, the U.S. delegate, is using Washington's diplomatic muscle to press Mr. Boutros Ghali to select Dr. Foege instead of a European.

James P. Rubin, chief spokesman for the U.S. Mission to the United Nations, said, "In light of the fact that the United States is the largest contributor to Unicef, we strongly believe an American should have this job."

One argument the Europeans are making is that while the United States contributes more to Unicef than any other country — one-quarter of the agency's \$1 billion budget — European countries together contribute about half of its budget and thus deserve the executive director's post.

Despite the stalemate, Clinton administration officials say they still hope Mr. Boutros Ghali will choose Dr. Foege after consulting with Unicef's executive board late this month.

While the Europeans have agreed on blocking the American candidate, they have failed to agree on their own candidate.

Britain is backing Richard Jolly, a British economist and the longtime No. 2 official at Unicef, who is now serving as acting director.

Belgium supports Anne-Marie Lizin, a member of the Belgian and European parliaments and vice president of the Socialist International.

The Nordic countries are backing Elisabeth Rehn, a former Finnish defense minister who narrowly lost a presidential race last year.

From the European perspective, Dr. Foege should not head Unicef because Americans already run the UN Development Program and the World Food Program. The Americans counter that Europeans run the UN Educational Scientific and Cultural Organization and the International Atomic Energy Agency.

"It's a very touchy issue," said Ahmad Fawzi, a spokesman for Mr. Boutros Ghali. "He wants to take his time."

UN officials acknowledge that Unicef faces a difficult period, after the death in January of James P. Grant, the highly respected executive director for 14 years. Unicef, which provides assistance to children in 138 countries, needs to shore up its fund-raising while population and poverty are growing rapidly in the Third World.

In addition, it is coping with an corruption scandal in which it suspended 10 staff members in Kenya last week.

U.S. officials insist that Dr. Foege is the most qualified individual for the job. An epidemiologist, he ran the Atlanta-based Centers for Disease Control from 1977 to 1983 and is considered instrumental in helping to eradicate smallpox worldwide. From 1986 to 1992, he headed the Carter Center, where he did extensive work fighting polio and promoting immunizations.

## TRAVEL UPDATE

## Alitalia Pilots End Strike After Talks

ROME (Reuters) — Pilots of Italy's state airline, Alitalia, at odds with the carrier over salaries and the use of foreign crews and planes to cut costs, suspended a 24-hour strike on Monday following talks at the Labor Ministry. Two strikes scheduled for Tuesday and Friday also were canceled.

The ministry said in a statement that the meeting with employees, mediated by Labor Minister Tiziano Treu, had opened the way for further talks between Alitalia management and pilots, whose relations have hit rock bottom.

Monday's stoppage, which began at 11 A.M., was organized by the APPL pilots' union. Pilots are in dispute with Alitalia over salary negotiations and the carrier's leasing last month of two Boeing 767s and crews from an Australian company as part of its drive to reduce losses.

Alitalia Airlines will begin two new weekly flights to South Africa, adding to its existing three weekly flights, the Italian airline announced Monday. The fourth flight, leaving Rome on Mondays and returning from Johannesburg on Tuesdays, will start in March, and the fifth will begin in May. (AFP)

Jordan has warned all tourists, including Israelis, against visiting the gravesite of the prophet Moses in the ancient Nabatean city of Petra after rain made trails unsafe. A Tourism Ministry official denied on Monday an Israeli radio report that Jordan had barred Israeli visits to the tomb of Harun because ultra-Orthodox Jews had erased ancient inscriptions and scrawled "insulting" slogans at the site. (Reuters)

## Nigerian Officers Held in Alleged Coup Conspiracy

Compiled by Our Staff From Dispatches

LAGOS — Up to 100 soldiers and officers were being questioned in connection with a possible plot to overthrow General Sani Abacha, newspapers reported Monday.

Brigadier General Fred Chijuka told the Lagos newspaper "This Day" that the men had made statements against the military government "that could cause disaffection in the armed forces and invariably in the nation."

"This led to their arrests," he added.

The general said that some officers were being questioned for spreading rumors, but that it was premature to say they had planned a coup.

General Chijuka declined to say how many people were being questioned or who they were.

The reports said the most senior of those arrested was Brigadier General Lawan Gwada, commander of the 23d Armored Brigade in northern Nigeria. (AP, Reuters)

## Frustrated U.S. Diplomats Find Snail Mail Rules

New York Times Service

WASHINGTON — While many politicians talk these days about propelling the nation into the new information age, State Department officials often feel stuck in the Dark Ages as they wait two hours for electronic mail to make its way to an undersecretary one floor above.

"In the morning it's not so bad, but from noon to three, when the E-mail traffic picks up, it can take two or three hours," said David Johnson, a State Department press officer.

The snail's pace of the electronic mail system is symptomatic of the State Department's antiquated computer system. Department employees say it is embarrassing for those in the department's 266 embassies and missions around the world. And the systems seem to crash every few days.

In fact, a closely held secret in the State Department is that a computer crash there

They complain that they cannot use floppy disks with their computers. They cannot "surf" or explore the Internet — which links millions of computer users around the world.

They cannot sign on to use information stored in faraway databases. They cannot send electronic mail to other federal

"My computer is older than I am."

Mary Ellen Glynn, 29.

agencies, and often walk messages over to the National Security Council because they are reluctant to send classified messages by fax.

Moreover, their computers frequently do not mesh with those in the department's 266 embassies and missions around the world. And the systems seem to crash every few days.

In fact, a closely held secret in the State Department is that a computer crash there

almost caused a moment in history to be delayed: the signing of the Israeli-Palestinian agreement by Yasser Arafat and Yitzhak Rabin in a White House ceremony 18 months ago.

"We're one step above electronic typewriters," one senior official said.

Mary Ellen Glynn, 29, a

State Department press aide who recently went to work at the White House, said she often complained, "My computer is older than I am."

The department's frustration finally got through to Secretary of State Warren M. Christopher, who pleaded with Congress last week for money to modernize the computer system.

He is hoping to spend about \$35 million a year over the next five years to overhaul the

system — a suggestion that several prominent Republicans said they would support.

"Almost 80 percent of our automatic data-processing equipment — computers and the like — is obsolete," he told a House appropriations subcommittee.

Nor is the department's technology gap confined to the computer system. Last week, Mr. Christopher told a Senate subcommittee, "Our telephone system is so outdated that when we needed repairs the other day in our vital 24-hour operations center, the AT&T repairman who came to do the work had to consult with Bell Labs to find out how to repair the antiquated system."

Every State Department official seems to have a collection of computer horror stories. One day in January, William Woodward, a State Department speechwriter, went to his office at 6 A.M. to make some changes to a speech he had prepared for

Madeleine K. Albright, the U.S. representative to the United Nations.

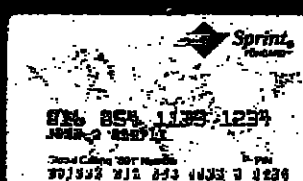
But the department's computers were not working, so he had to edit the speech on paper and fax it to Ms. Albright's office in New York. There, a secretary retyped it onto a computer so she could have a legible printout to read from. The revised speech was handed to Mrs. Albright just 30 seconds before her scheduled presentation to the Security Council.

Not surprisingly, a recent internal State Department report that was based on interviews with 150 business executives, government officials, academics and relief workers who deal with the department condemned its computer system.

"State's communication system is totally inadequate," said the report, which was published in the Washington Times.

— STEVEN GREENHOUSE

## A SIMPLE CURE FOR THE FEAR OF FOREIGN PHONES.



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Americas (toll-free)	800-1000	Algeria (international phone)	00-1-800-366-6633
Armenia (toll-free phone)	800-1000	Argentina	001-800-777-1111
Australia (toll-free)	800-1000	Australia (Sydney)	001-800-777-1111
Australia (Perth)	001-800-777-1111	Australia (Melbourne)	001-800-777-1111
Australia (Brisbane)	001-800-777-1111	Australia (Adelaide)	001-800-777-1111
Australia (Sydney)	001-800-777-1111	Australia (Perth)	001-800-777-1111
Australia (Melbourne)	001-800-777-1111	Australia (Brisbane)	001-800-777-1111
Australia (Adelaide)	001-800-777-1111	Australia (Sydney)	001-800-777-1111
Australia (Perth)	001-800-777-1111	Australia (Melbourne)	001-800-777-1111
Australia (Brisbane)	001-800-777-1111	Australia (Adelaide)	001-800-777-1111
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## THE AMERICAS

## States Are Fast on the Draw in Approving Handguns

By Sam Howe Verhovek  
New York Times Service

AUSTIN, Texas — A powerful movement to allow ordinary citizens to obtain permits easily for carrying concealed weapons is taking hold across the United States, a product of both the new Republican control of many state governments and of increasing fears that the police are incapable of protecting citizens from criminals.

In the last few weeks alone, legislatures in Virginia, Arkansas and Utah have passed laws that would make it far easier for law-abiding adults to obtain permits to carry handguns. Several other states, including Texas, the nation's second largest, are expected to pass similar bills soon.

About 20 states generally grant permits to adults without a criminal record or a history of mental illness, but in a growing movement at least 13 other states in addition to Texas are considering bills to make it easier for people to carry handguns.

The Texas bill is virtually assured of passage, and Governor George W. Bush has pledged to sign it.

In Oklahoma, the state Senate on Feb. 27 passed by a 43-to-4 vote a concealed-weapons measure known as the Oklahoma Self-Defense Act, which is expected to pass the state House soon.

"Citizens want a way to protect themselves," said state Senator Frank Shurden, a Democrat.

Opponents of the bills, including some, but by no means all, law enforcement officials, contend that more guns will only spur more violence, and some point modern-day Dodge City

**'Before we begin packing heat for our walks to Sunday service, before we strap on six-shooters for our run to 7-Eleven, let's talk about it. Let's just talk about it.'**

Royce West of Texas.

scenarios in which routine fender-bender accidents could escalate into bloody duels among gun-toting motorists.

But proponents take a very different view. About midway through a 7½-hour hearing in the Texas Capitol this week, a witness named Suzanne Gratia got out of her chair and walked over to state Senator Royce West of Dallas.

She pointed her index finger at him and cocked her thumb. Ms. Gratia, whose parents were among 23 people killed in a Luby's restaurant in Killeen, Texas, by a gunman in October 1991, was speaking in favor of the bill that

would allow most adult Texans to carry a gun. Mr. West, a former prosecutor, is the leading opponent of the bill.

"Tell me, senator," Ms. Gratia said to Mr. West, gesturing with her head at the senator next to him. "Would you like him to have a concealed weapon at this point or not?"

Mr. West said he had little hope of stopping the bill in Texas, but he is now trying to gain approval for a requirement that state residents vote in a nonbinding referendum this fall on whether they think the measure is a good idea.

"Before we begin packing heat for our walks to Sunday service, before we strap on six-shooters for our run to 7-Eleven, let's talk about it," he said. "Let's just talk about it."

At the hearing in Austin, before the state Senate's Committee on Criminal Justice, several women bore placards that read "Mothers Against Concealed Weapons." One, Julia Cooper, who said her teenage son was shot and killed by gang members three years ago, said the bill sent a confusing message to children.

"On the one hand we're teaching conflict resolution in schools," she said, "and on the other hand, we're allowing adults to carry concealed guns."

Mr. Bush, a Republican who criticized his Democratic predecessor, Ann Richards, for vetoing a measure that would have cleared the way for a con-

cealed-weapons bill, has said he sees no need for a referendum.

A variety of newspaper polls, depending on how the question was worded, have shown that Texans either support the right to carry a gun or are evenly split on the issue.

The Texas measure would not allow residents to carry guns in schools, bars or government buildings, or at race tracks and other sporting events.

Florida is the largest of the nearly 20 states that currently have broad laws that allow citizens to easily obtain permits to carry guns. The state has issued 266,710 right-to-carry permits since the law went into effect in October 1987, according to the State Division of Licensing.

Nearly 20 other states require people to demonstrate their need to carry a gun, with the decision on whether to grant a permit left to their local police chief or sheriff, or to a judge. In many

would make it almost as easy to obtain a carrying permit as it is to obtain a driver's license. Governor George F. Allen, a Republican, said he was reviewing the bill's language but was inclined to sign it into law.

In about a dozen states, citizens generally have no right to carry their gun in public, except while hunting. Texas, despite its Wild West image, has been among this group since the mid-19th century, shortly after it entered the Union.

In several states where the issuing of permits is at the discretion of the authorities, legislatures are expected to engage in bitter debates in the coming weeks or months over measures to make permits more automatic. That is especially true in California, where the proposed Citizen Self-Defense Act would take the power to control permits away from local law enforcement officials.

Florida's experience has generally provided strong arguments for proponents of the right-to-carry bills, including the National Rifle Association, which has made passage of the bills a top priority. Even those who opposed the measure said it had not led to the increase in violence they had feared.

"It didn't become the nightmare that I envisioned — everyone, everywhere having concealed weapons," said Richard Witt, chief of the Hollywood, Florida, Police Department. "But I still think the guidelines are too relaxed."

**'Citizens want a way to protect themselves.'**

Frank Shurden of Oklahoma.

of these states, there is a strong push to relax such requirements.

In Virginia, for example, where judges in many counties rarely approve permits, the state legislature late last month enacted legislation that

## Ruling Opens Way For Investors to Get Punitive Damages

The Associated Press  
WASHINGTON — The Supreme Court ruled Monday that a standard contract used in the securities industry does not bar defrauded investors from collecting more than actual damages.

The 8-to-1 decision, potentially of enormous importance for the securities industry, reinstated a \$400,000 punitive damages award that two Illinois investors had won, and then lost, from Shearson Lehman Hutton Inc.

Punitive damages, aimed at punishing and deterring bad conduct, are not available in arbitration cases under New York law. It is standard practice in the securities industry to require investors to sign contracts requiring arbitration rather than lawsuits when disputes arise.

That was the type of contract that Antonio and Diana Mastrobucchi, residents of the Chicago area, signed with Shearson in 1985, agreeing to arbitration under New York law.

The couple closed their account in 1987, and two years later they sued Shearson. They alleged that their former Shearson broker had subjected their account to unauthorized trading and other misconduct.

Shearson invoked its contract with the Mastrobuchis to compel arbitration, and a panel of arbitrators in Chicago awarded the couple \$159,327 in actual damages and \$400,000 in punitive damages.

A federal trial judge, upheld by the 7th U.S. Circuit Court of Appeals, invoked the contract language about New York law in ruling that no punitive damage award was possible.

The decision Monday reversed those rulings.

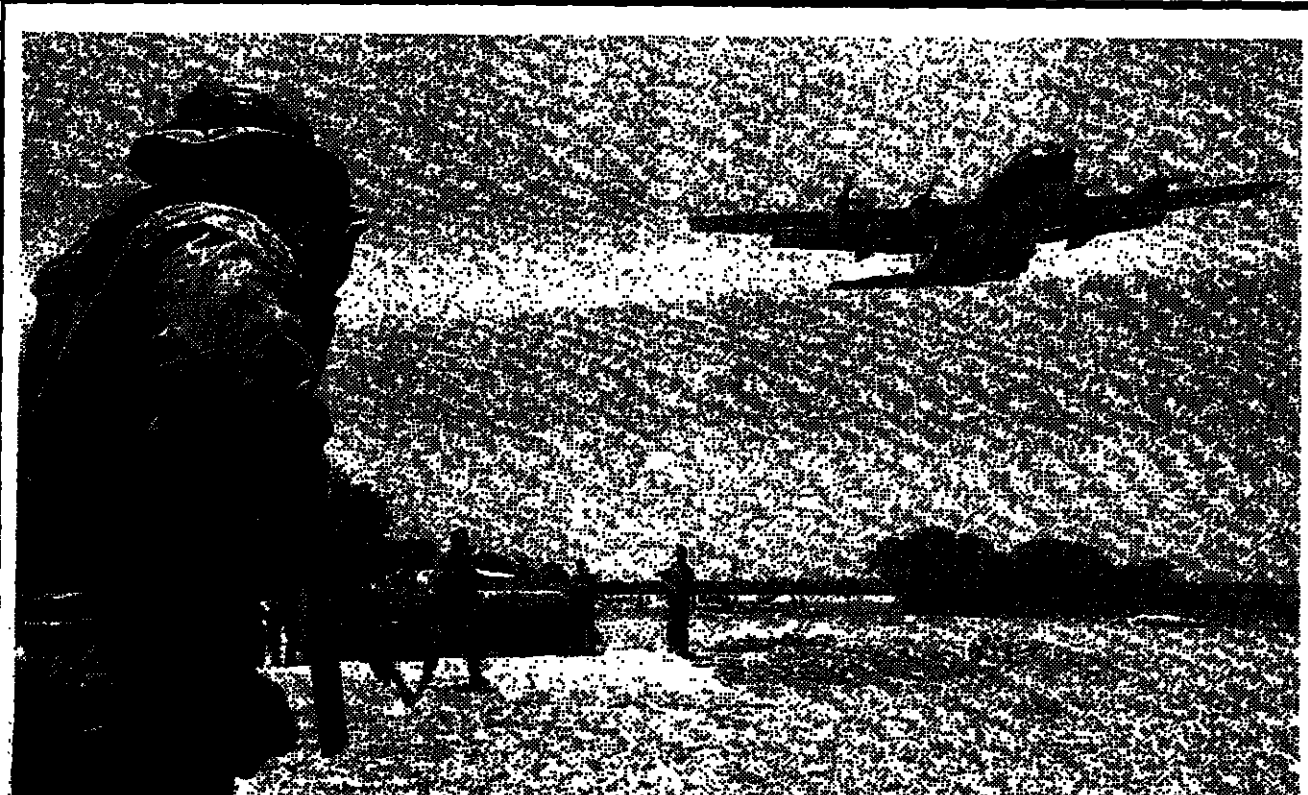
Writing for the court, Justice John Paul Stevens said that not

allowing punitive damages would unduly punish the Mastrobuchis for signing a contract that was less than clear about the availability of such relief.

Shearson "drafted an ambiguous document" and cannot now claim the benefit of the doubt, Justice Stevens said.

He added that it seemed unlikely that the Mastrobuchis "had any idea that by signing a standard-form agreement to arbitrate disputes they might be giving up an important substantive right."

Nothing in the court's decision, however, appeared to preclude securities brokers from drafting contracts that explicitly exclude the possibility of punitive-damage awards in arbitration.



ON GUARD — A Venezuelan soldier waiting as a military plane approached Carabobo, an outpost on Venezuela-Colombia border that was attacked by Colombian guerrillas in February. Border security has been stepped up.

## Clinton Opposes Measures to Rewrite Civil Law

By Douglas Jehl  
New York Times Service

WASHINGTON — The Clinton administration has decided to wage a vigorous fight against legislation that would drastically reshape the nation's civil law system.

In a letter Monday to the House speaker, Newt Gingrich, Republican of Georgia, the administration warned that central provisions in the landmark legislation were too extreme and would "tilt the legal playing field dramatically to the disadvantage of consumers and middle-class citizens" by making it more difficult for them to bring suits for damages when they are injured.

Until now, the White House and the Justice Department had remained silent about the Republican-backed measures, which were reaching the floor of the House on Monday.

The legislation would make major

changes in some of the most hotly contested provisions of the current system. The measures would set federal standards in all product-injury lawsuits, even those decided by state courts; would impose strict limits on punitive damages in all civil cases, and would require the loser in many suits to pay the legal costs of the winner.

But after an internal debate within the White House and the Justice Department, Attorney General Janet Reno and Abner J. Mikva, the White House counsel, decided over the weekend to make their objections public.

In their letter to Mr. Gingrich, they describe central elements of the legislation as "deeply problematic" and criticized several aspects as "unfair, unnecessary and unwise."

In an interview, Mr. Mikva was even more blunt in criticizing the measures as favoring business interests over those of ordinary citizens. He said the legislation would make it more difficult for "the

average middle-class consumer to try to get his wrongs redressed."

"When I look at bills like these, I can believe that Speaker Gingrich means what he says when he describes himself as a revolutionary," said Mr. Mikva, a former congressman and former chief judge of the U.S. District Court of Appeals for the District of Columbia.

Administration officials said they were mindful that the Republican-backed proposals carried a powerful political appeal.

With public opinion polls showing that many Americans have come to see the legal system as too litigious, Ms. Reno and Mr. Mikva say in their letter to Mr. Gingrich that the administration is eager to work with Congress to settle on acceptable improvements.

But after standing by as the overhaul plan sailed through the House Judiciary and Commerce committees, administration officials left no doubt that President Bill Clinton and his aides intended

to push for major modifications now that the measures have reached the House floor.

If the measures become law, they would discourage tens of thousands of lawsuits each year in the federal and state court systems, both supporters and opponents say. The legislation also would make it significantly harder for consumers who are injured to win large verdicts in product-liability cases, and in all areas of the law, it would limit punitive damages to \$250,000 or three times the compensatory damages, whichever is greater.

Supporters of the proposal, which was spelled out in the House Republicans' "Contract With America," say it would help to prevent unfounded lawsuits from clogging the courts while lifting a major burden on U.S. manufacturers and other corporations.

But consumer advocates have said the measures would unfairly limit many Americans' access to the courts.

## Simpson Was Only Serious Suspect in Killings, Investigator Says

Compiled by Our Staff From Dispatches

LOS ANGELES — One of the lead investigators in the O.J. Simpson case testified Monday that he never seriously pursued any leads that would suggest that someone other than Mr. Simpson killed his former wife, Nicole, and her friend.

"I had absolutely no other evidence that would point me in the other direction," said Detective Tom Lange during cross-examination by Mr. Simpson's lead lawyer, Johnnie L. Cochran Jr.

Mr. Lange, resuming his testimony after a 10-day break, was pressed repeatedly by Mr. Cochran on whether investigators explored other avenues, in-

cluding looking into the past of Mrs. Simpson's friend Ronald Goldman.

"There was nothing to pursue," Mr. Lange said.

The defense contends that the police, in their zeal to arrest Mr. Simpson, ignored evidence that would exonerate him in the slayings of Mr. Goldman and Mrs. Simpson.

Mr. Cochran also questioned Mr. Lange about the contents of Mr. Goldman's stomach, which testimony has shown was full of undigested food. The lawyer said that the undigested food suggests Mr. Goldman had eaten a meal shortly before being killed on the night of June 12.

Employees at the Mezzaluna restaurant, where Mr. Goldman was a waiter, had testified that he did not eat there, Mr. Cochran said, suggesting he must have stopped and eaten between leaving the restaurant and arriving at Mrs. Simpson's house.

The defense is trying to show that Mr. Goldman arrived at the house later than 10:20 P.M., the time when the prosecutors say the slayings occurred. Mr. Simpson says he was at home until 11:15 P.M. when he took a limousine to the airport.

Mr. Lange's time on the stand was drawn out to five days by defense questioning intended to portray investigators as sloppy.

The testimony was also broken by 10 days of interruptions, including the wrangle over a former housekeeper for Mr. Simpson's neighbors, the reluctant Rosa Lopez.

Ms. Lopez, saying she was tired of questions from the press, threatened to flee to her native El Salvador rather than wait to provide testimony for Mr. Simpson when the defense presents its case later.

Her testimony was videotaped for possible later showing to the jury because she said she did not intend to return to Los Angeles.

Ms. Lopez said Mr. Simpson's white Ford Bronco was parked outside his house at some time after 10 P.M. the

night of the slayings. Prosecutors say Mr. Simpson drove the 2 miles (3 kilometers) from his estate to Mrs. Simpson's house, killed the two victims, and then drove back in time to catch the limousine.

Ms. Lopez had been scheduled to return to El Salvador on Saturday, but according to news reports she flew to Albuquerque, New Mexico, where she has relatives, and returned to Los Angeles on Sunday.

On Monday, another witness, Mark Stoffer, was put on the stand for almost an hour before Mr. Lange's testimony resumed.

The lead prosecutor, Marcia Clark, explained that Mr. Stoffer no longer lived in Los

Angeles and had returned specifically to testify.

Mr. Stoffer said he heard a dog barking shortly after 10 on the night Mr. Simpson and Mr. Goldman were slashed to death.

Mr. Stoffer said he had been putting his son to bed after 10 P.M. when the dog began barking.

"As I was taking him downstairs, I heard a dog barking," Mr. Stoffer said. "I was concerned it would wake up my son. It was that loud and persistent."

He testified that he told his wife about the barking. "It was 10:28 on the digital display on our TV," he said, adding the clock was set five minutes fast.

(AP, Reuters)

## Howard Hunter, Chief Mormon, Dies

By David Binder  
New York Times Service

Howard W. Hunter, 87, the spiritual leader of the world's nearly 9 million Mormons, died Friday at his home in Salt Lake City, Utah, nine months after taking office. His was the shortest term ever served by a president of the Church of Jesus Christ of Latter-day Saints.

A church spokesman said he had died of natural causes. Mr. Hunter was chosen as

president in June 1994. He had been in line for the position as senior member of the church's governing body, the Quorum of Twelve Apostles.

In addition to the title of president of the denomination, he was the Mormons' 14th "prophet, seer and revelator" in the succession that began with the founding of the church in 1830 by Joseph Smith Jr. in Fayette, New York.

The Mormons hold fast to a rule of seniority. His successor

is expected to be Gordon B. Hinckley, 84, his chief counsel.

Mr. Hunter was called to full-time church service in 1959 when he was ordained an apostle with the tasks of preaching the Mormon gospel, building up the church and advising the president.

He was "set apart," or named, acting head of the Quorum of Twelve in 1985 and its permanent head in 1988.

## POLITICAL NOTES

## Health Insurance: Billfold Blues

WASHINGTON — Many states have adopted changes in the way health insurance is sold that are similar to reforms being advanced by congressional Republicans with "little evidence they have increased or decreased coverage of the uninsured much" so far, according to a new study.

The reforms proposed by congressional Republicans would make it harder for insurance companies to reject applicants and refuse to renew or exclude diseases from coverage.

But the study by George Washington University's Inter-governmental Health Policy Project found that the insurance-sales practices that Republican reforms address are not the important impediments to the 38 million people who do not have health insurance.

"The main reason people don't have insurance is that they or their employers don't have enough money to buy it," said Kala Ladenheim, one of the principal authors of the study.

The finding is consistent with Congressional Budget Office studies of insurance-reform bills proposed last year by Republicans and Democrats. The office found then that the only market-reform bills that would make a substantial difference in increasing health coverage were those that also provided hundreds of billions of dollars in federal premium subsidies over the next decade to help people pay for it.

The central features of Republican proposals for health-insurance reform this year again focus on reform of the rules for marketing insurance to businesses with 30 or fewer workers, where the percentage of workers covered is much lower than in large businesses. But neither of the two key bills contains any federal subsidies. (WFP)

## Cooling Cuts in Heating Subsidies

WASHINGTON — Bernard Smith, executive vice president of the New England Fuel Institute in Watertown, Massachusetts, is upset about House Republican plans to terminate a \$1.3 billion program that helps low-income people pay winter heating bills.

If the subsidy ends, thousands of customers served by the 1,300 fuel oil dealers in Mr. Smith's organization could have trouble paying their bills, beginning next winter. Nationwide, more than 5 million households receive the subsidy.

But whether the subsidy really will end is highly uncertain. The House Appropriations Committee has eliminated funding for the program, and the full House is almost certain to agree. But unless the Senate concurs, it could survive — though perhaps reduced in size. And with three Republicans from cold-weather, northern states on the Senate Appropriations subcommittee that will act on the issue, killing it will be no easy matter.

"We don't expect the program to be zeroed out in the Senate," said Senator Judd Gregg, Republican of New Hampshire. (WFP)

## Clinton Stands Up for the Veterans

WASHINGTON — In a reply to more than two years of complaints, President Bill Clinton announced on Monday the creation of an independent new panel to recommend improvements in the government's response to veterans who blame their illnesses on service in the Gulf War.

The announcement amounted to tacit acknowledgment of criticism that the government has failed adequately to investigate the cause of the maladies and that it has been slow to provide Gulf War veterans with needed treatment.

In unveiling the plan in an address to the Veterans of Foreign Wars, Mr. Clinton called attention to his administration's record in pushing for changes that now allow thousands of Gulf War veterans to collect disability benefits even when their illnesses remain undiagnosed.

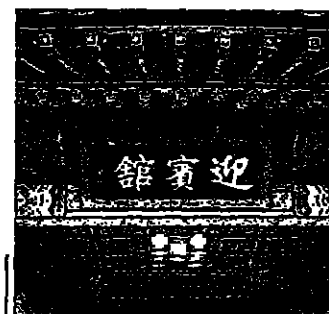
But Mr. Clinton made plain that he was not satisfied with efforts to determine what might have caused unexplained symptoms including fatigue, severe muscle pain, and memory loss that have been reported by the more than 40,000 Gulf War veterans who have come forward with ailments they believe are linked to their service.

"We must do more," the president said. (NYT)

## Quote/Unquote

Bob Packwood, Republican of Oregon and chairman of the Senate Finance Committee, on discussions of possible party punishment for Senator Mark Hatfield, the lone Republican to vote against the constitutional amendment on a balanced budget: "Nothing is going to happen to Mark. He will remain as Appropriations chairman. Could someone call for his removal? Yes. Will that happen? No, it will not, and it should not. If we start going down that road, what will be the next litmus-test issue? If you start down that road, we'll soon be eating each other, and we will become political cannibals." (AP)

In Seoul one hotel brings a sense of Korea's past exquisitely into its present.



Behind 14th Century walls and surrounded by wooded gardens, the Shilla is singularly dedicated to support of the business traveller. Culinary aplomb and recreational abundance vie with the quite separate gratifications of a 2-storey Duty-Free Hall. The Shilla grace now also takes a sophisticated tropical form at the new Cheju Shilla Resort Hotel on Cheju Island.



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The Shilla Group, Seoul 151-2075

## Away From Politics

• The space shuttle Endeavour's telescopes peered 200,000 light years into the cosmos to focus on a neighboring galaxy to the Milky Way as part of a 15-day mission. (AP)

• Investigators found a clue to the identity of a woman whose partly devoured body was found in the lions' pen at the National Zoo in Washington. The woman was carrying a pho-wadon. The woman was carrying a pho-wadon that card that appeared to be issued by Central Arkansas Transit in Little Rock, detectives said. (AP)

• About 2,000 marchers, including four black members of Congress, retraced a historic path across a bridge in Selma, Alabama. On March 7, 1965, white lawmen beat demonstrators on

Edmond Pettus Bridge. The beatings prompted outrage and led to passage of the Voting Rights Act. (AP)

• Noxious fumes from pool chemicals sent more than two dozen people to a Disney World resort to Florida hospitals with nausea, coughing and breathing trouble. (AP)

• The 24th annual Easter Seal telethon raised a record \$53.7 million in pledges to help people with disabilities. (AP)

• Almost three years after his wealthy parents and sister were shot to death, a young man has been charged with arranging the slayings. The man, Dana Ewell, 24, surrendered to the police in Long Beach, California. (AP)

Sprint





# 1995 World Rally Championship



Swedish Rally  
1st and 2nd overall!

Place	Car	Driver
1	Mitsubishi Lancer	K. Eriksson
2	Mitsubishi Lancer	T. Mäkinen
3	Toyota Celica	T. Rådström
4	Toyota Celica	J. Kankkunen
5	Toyota Celica	D. Auriol
6	Ford Escort	B. Thiry
7	Ford Escort	S. Blomqvist
8	Toyota Celica	T. Jansson

# Mitsubishi conquers the Swedish winter!

*Unbothered by biting cold and treacherous ice, the Mitsubishi Lancer totally dominated the Swedish Rally — 1st and 2nd overall!*

Suppose you wanted to test your car's durability and performance in icy sub-freezing conditions. Where would you go?

Mitsubishi chose the Swedish Rally, the second event in the prestigious World Rally Championship.

Rally organizers selected the 1633-kilometre route specifically because it would be entirely covered in snow and ice. And in case that wasn't challenging enough, they scheduled some stages at night — in total darkness.

Many drivers might look at sliding around icy turns and navigating through heavy snowfall in the dark as

an ordeal better left to snowmobiles. But to the world's best rally drivers, the Swedish Rally is a magnet. And so it would be the ideal winter proving ground for the Mitsubishi Lancer.

You see, ordinary test tracks don't present much challenge to the Lancer. Even on treacherously twisting roads in poor weather, the Lancer's outstanding handling and performance make driving easy, safe and enjoyable. And the Lancer is durable enough to withstand years of trying conditions and still perform smoothly and reliably.

By entering the Swedish Rally, Mitsubishi hoped to

learn the true measure of the Lancer's ability to manoeuvre and perform in the iciest, coldest, nastiest winter conditions possible — against the best competition in the world.

The result? With many other cars plagued by handling problems and engine trouble from the cold, the Lancer totally dominated, finishing 1st and 2nd overall.

So now we know.

**MITSUBISHI LANCER**



CREATING TOGETHER



## INTERNATIONAL

## U.S.-French Intelligence Links Badly Strained by Spy Scandal

By William Drozdiak  
Washington Post Service

PARIS — An embarrassing spy scandal appears to have inflicted lasting harm on relations between French and American intelligence, according to officials in both governments.

While President Bill Clinton said last week that he believed the matter had been resolved, resentment over the affair appears to run deep.

A senior French official said contacts with the Americans at a G-7 meeting in Brussels on information technology last week, attended by Vice President Al Gore, were "nothing less than glacial."

The consequences for Prime Minister Edouard Balladur appear even more dramatic.

France's demand that five Americans identified as CIA operatives be recalled distracted attention from an explosive wiretap scandal, but undermined Mr. Balladur's authority and aggravated a breach in his government between ministers supporting his bid for the presidency and those backing his Gaullist rival, Mayor Jacques Chirac of Paris.

But the most devastating impact is being felt between intelligence agencies in both countries, officials say.

"This will not blow over in a matter of months," a U.S. official said. "It will take several years, at least, before we can talk about serious cooperation again in intelligence matters."

"Right now the mood is too poisoned to believe that we will ever be able to cooperate on anything like we did before, unless there is a major crisis that poses a serious threat to both

governments," a French official said.

What has most irked the Clinton administration is how Mr. Balladur's powerful ally, Interior Minister Charles Pasqua, appears to have decided to become locked in a public espionage duel with the United States chiefly for domestic political purposes when, by tradition, all such conflicts between friendly nations are handled with utmost discretion.

A top aide to Mr. Pasqua has been fingered by French newspapers and government officials as the likely culprit in leaking the story to the daily newspaper *Le Monde*.

He was previously involved in a clash with U.S. authorities several years ago, when he was caught rummaging through a neighbor's garbage while serving as a commercial attaché in Houston, at a time when French agents were suspected of spying on Texas Instruments and other U.S. companies.

Passages from a top-secret report by French counterintelligence have appeared in the French press describing the recruitment of Henri Plagnol, a civil servant who was briefly an adviser to the prime minister.

He was forced to resign after he admitted taking 2,000 francs (\$400) from a woman identified as a CIA agent as payment for writing a paper on "France's relations with NATO."

Mr. Plagnol first met the woman at a Unesco cocktail party, where she was introduced as the public relations official of a Dallas foundation.

After being tagged as a security risk, Mr. Plagnol agreed to serve as a double agent on behalf of French counterintelligence.

gence to feed information to his American pursuers and ultimately serve as the principal bait to entrap them.

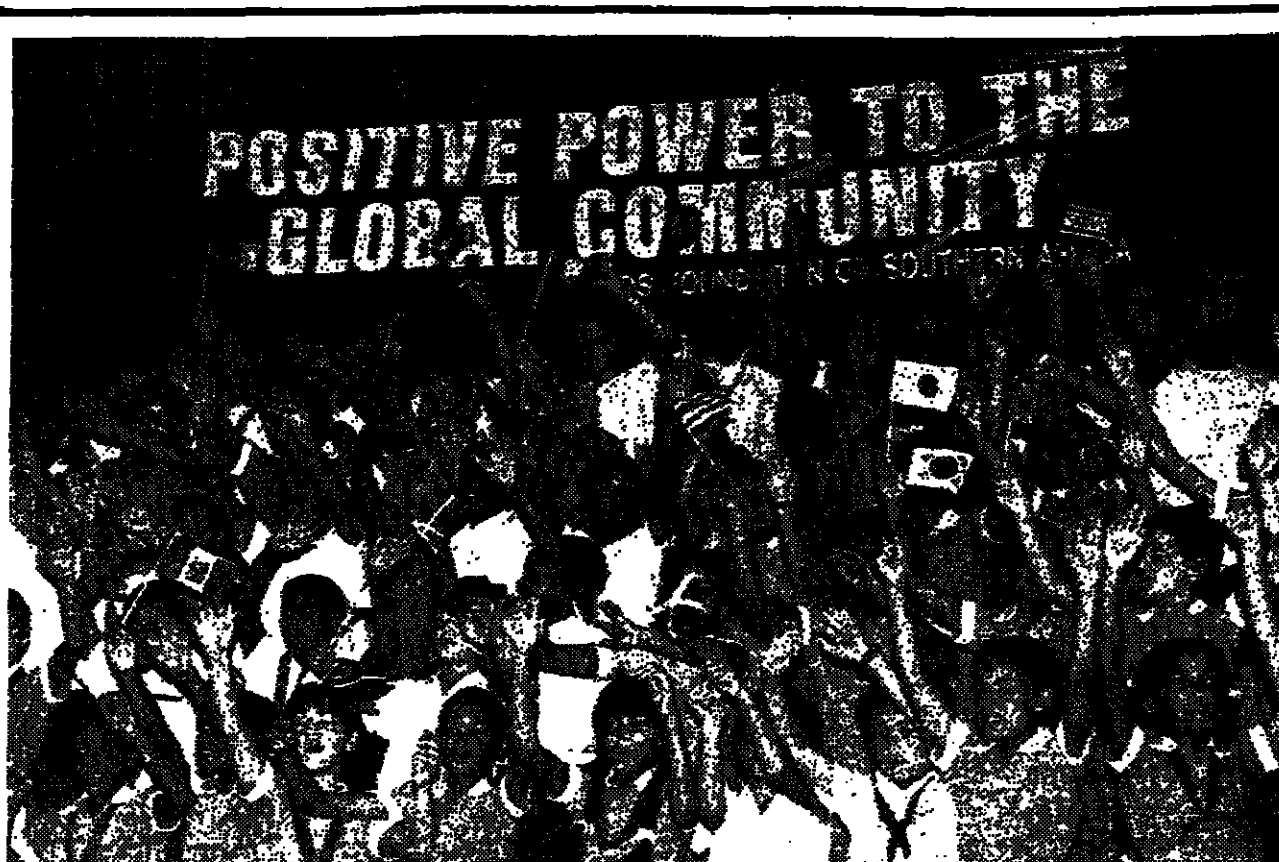
The published accounts have offered an unflattering portrait of U.S. agents in France.

They have been depicted as naive and ill-informed as they sought to extract information from their prey on France's negotiating positions in the final months before a global trade agreement was reached in December 1993.

Mr. Plagnol was paid in cash at several furtive meetings, where he was asked to fill out questionnaires and undergo interrogation by CIA analysts.

The questions ranged from whether Mr. Balladur would run for the presidency to why the French are so protective of their farmers, even though they represent only 5 percent of the population.

But as Mr. Plagnol pointed out, all of the information he provided in return for such handsome payments was readily available to any attentive reader of French newspapers.



CAPE TOWN HOPES — Children celebrating the opening Monday of an international conference of AIDS sufferers organized by the UN Program on AIDS. It aims to involve people with AIDS in preventive planning.

## Amid Rebellion, Rights Violations Rise in Turkey

By John Darnton  
New York Times Service

ANKARA — To the concern of Western allies and international human rights organizations, reports of rights violations in Turkey have increased markedly in recent months, along with attempts by the government to crush the Kurdish separatist insurgency in the southeast.

The number of people who have been disappearing while in the custody, the reports of torture, the killings by unknown assailants that appear to be political, and arrests and convictions of writers, intellectuals and politicians under a law against separatist propaganda are all on the rise, Turkish human rights groups say.

"The main reason is the war in the southeast," said Yavuz Onen, 56, an architect who is president of the Human Rights Foundation, a Turkish group that was set up in 1989 to aid victims and document abuses.

"The state uses the argument that they are in a struggle with terrorists and that they are defending the indivisibility of the territory," he said. "Of course the state can defend its borders. But most of the violations are against civilians. Torture is now widespread and systematic, not only for political crime but for common crime as well."

Prime Minister Tansu Ciller, in an interview, denied that there had been widespread violations.

Allegations of torture are not new in Turkey. The foundation cited the cases of Yasar Kanbur, 35, an engineer, and Yusuf Yildirim, 35, a health union worker.

The two men said they had been arrested as leftist students after the military takeover of 1980 and held nine and a half years in prison. During that time, they said, they were suspended by their chained arms, kept without food and sleep, beaten repeatedly and subjected to electric shock.

They scoffed at the idea that torture would ever be eliminated from Turkey. "Not by this regime," Mr. Kanbur said. "Torture is universal here."

The war against the Kurds, who constitute about one-fifth of Turkey's 60 million people, has been going on for a decade. The Kurds were originally concentrated in the southeast, but many are now scattered all over the country. The fighting has claimed an estimated 14,000 lives.

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The Kurdish Workers' Party has used terrorism in its fight for an independent homeland. The party is believed to have killed over 200 civilians in 1993, and it took responsibility for at least 167 deaths in the first 10 months of 1994.

But attempts to eradicate the party, whose leader, Abdullah Ocalan, is based in Syria, have taken even more civilian lives. Western diplomats stationed in Turkey say security forces have been granted a free hand by Mrs. Ciller's government to deal with the insurrection.

The security forces have turned to brutal methods, especially in the 10 southeastern provinces that have been under a state of emergency since 1987 because of the insurrection.

The emergency grants quasi-martial law powers to a regional governor and suspends the few modest constitutional safeguards in effect elsewhere. A suspect, for instance, can be held for 30 days without access to relatives or a lawyer.

Army and paramilitary groups sweep through whole areas of the southeast, destroying villages that they suspect of aiding the Kurdish party and burning many of them to the ground. The province of Tunceli has been a battleground

this winter, where 40,000 Turkish troops are pursuing guerrillas who may number up to 3,000, Western diplomats estimate.

Reports by the U.S. State Department, Amnesty International, the United Nations Committee Against Torture and the European Committee for the Prevention of Torture all have condemned Turkey for human rights violations.

A report by Amnesty International, "A Policy of Denial," said at least 50 "disappearances" in custody were reported in the first 10 months of 1994, nearly double the number in 1993. It added that the number of people shot and killed in the street by unknown assassins had soared from more than 20 in 1991 to 362 in 1992, more than 400 in 1993 and 380 for the first 10 months of 1994.

Visitors to the southeastern region say four or five people a day are now being killed on the streets. They include journalists investigating human rights violations and members of trade unions and political parties, including the People's Democracy Party, which has a largely Kurdish membership and is anathema to the government.

## Balladur Gets Boost As Barre Bows Out

By Joseph Fitchett  
International Herald Tribune

PARIS — With the French presidential race tightening, former Prime Minister Raymond Barre announced Monday that he would not run because his candidacy would only confuse the current political landscape.

It was the first good news in weeks for the flagging campaign of Prime Minister Edouard Balladur because a candidacy by Mr. Barre would have targeted the small center-right parties that are Mr. Balladur's core supporters.

Even a temporary loss of these centrists to Mr. Barre might have been fatal to the Balladur campaign, which has sought to emphasize the prime minister's ability to reach out widely to all the nation's conservatives.

Mr. Balladur depends increasingly on these voters as he tries to stem a challenge by Jacques Chirac, the favorite of Gaullist voters and now a front-runner in the polls after overcoming Mr. Balladur's early lead.

Mr. Barre, 70, found no political space for a genuine campaign because the political battle has become so intense between Mr. Balladur and Mr. Chirac.

Both men are conservatives, and both have worked in Gaullist governments going back to the 1960s under President Georges Pompidou.

The rising tensions between these two leaders was apparently what Mr. Barre had in mind Monday in saying that he did not wish "to complicate a complex and confused political situation."

Mr. Balladur, as prime minister, has captured the loyalty of most leading figures in the cen-

trist movement that used to support Mr. Barre.

Mr. Barre, known for his strong personal independence, commitment to European integration and free-market economics, commanded as much as 8 percent of the French vote, according to recent political polls.

Most of those people will presumably switch to Mr. Balladur, even though Mr. Barre has not said which candidate he will support.

His withdrawal may not stop a bid by former President Valéry Giscard d'Estaing. He enjoys less public support than Mr. Barre, but could run a temporary campaign to air his ideas.

Although a majority of voters remain undecided about their vote in the May election, Mr. Balladur's initial lead has melted.

The latest reversal was a poll released Monday that showed French business leaders — once considered a Balladur bastion — saying they preferred Mr. Chirac for president.

Rivalry between the two candidates from the conservative camp has become bitter, with Mr. Balladur now involved in public recriminations with Foreign Minister Alain Juppé, a Chirac supporter.

The Foreign Ministry, targeted for a big share of last-minute budget cuts announced last month by Mr. Balladur, let it be known that it would have to close several embassies — a blow to overseas France.

Mr. Balladur angrily retorted that no such closures were planned.

But the incident was fresh evidence of the difficulties faced by Mr. Balladur in trying to run as a candidate while trying to run a government that includes increasingly outspoken political opponents.

## Israel to Syria: Make Peace Deal Now Or Lose the Chance for Several Years

Reuters

JERUSALEM — Israel put Syria on notice Monday that it effectively regarded this coming summer as a deadline for achieving peace with the Israeli and U.S. administrations head into an election year in 1996.

Deputy Foreign Minister Yossi Beilin called in U.S. media correspondents to spell out a now-or-never warning before a Middle East peace mission this week by Secretary of State Warren M. Christopher.

"This is supposed to be a different visit," an Israeli official told other foreign reporters. "As Yossi Beilin has just men-

tioned behind closed doors, the summer of '95 is something of a deadline in the negotiations with Syria."

"If both sides really want a breakthrough, it's now or never" because of the elections, not only in Israel but also in the United States, said the official, who spoke on the condition he not be named.

Peace talks are deadlocked over the strategic heights, captured by Israel during the 1967 Middle East War.

Syria has demanded that Israel pledge a full pullout. Israeli leaders want Damascus to agree to establish normal relations with Israel before discussing the scope of the withdrawal.

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## DOLLAR: As U.S. Currency Falls, Fed Just Watches

Continued from Page 1

Deutsche marks, down from 1.4235 DM. The pound closed at \$1.6239, lower than its Friday close of \$1.6295.

The weak dollar pulled down bond prices, with traders fearing, first, that foreigners would shy away from dollar bonds and, second, that the U.S. Federal Reserve Board would ultimately raise interest rates to attract them back. As bond prices fell, the yield on the benchmark

30-year Treasury bond rose to 7.62 percent, its highest level in six weeks, before sliding back to end the day at 7.58 percent.

Some traders and economists, especially those abroad, demanded that the Fed raise interest rates to stabilize the dollar, but this view found few echoes in the United States.

"Do what?" said Lawrence Meyer, a St. Louis economic consultant with ties to the Clinton administration. "Make a

speech and say the wrong thing? Every attempt to strengthen the dollar ends up weakening it. The point is, the fundamentals have turned bearish on the dollar, and the Fed has never placed significant weight on it in making policy."

The White House said the currency markets were behaving "in response" to what the administration had already done and bucked all questions to the Treasury.

Within the Treasury, the view was that currency markets had overshoot underlying values and would correct themselves.

Moreover, Treasury Secretary Robert Rubin already was deep in a mine field of criticism in the U.S. Congress for his hand in Mexico's rescue package.

"Rubin is concerned not to get hooked again on something he cannot deliver," said Rüdiger Dornbusch of the Massachusetts Institute of Technology.

Meanwhile, the dollar rose to 6.625 Mexican pesos, before falling back to close at 6.53 pesos, still higher than Friday's close of 6.27 pesos.

In the United States, the problem was seen as a yen and not a dollar problem, with the Japanese central bank forced to swallow dollars to prevent an even worse squeeze on Japan's exports by a strengthening yen.

Masayoshi Takemura, the Japanese finance minister, called for a meeting of the Group of Seven industrial nations, but a spokesman for the Finance Ministry in Canada, which is currently the chairman of the group, said no emergency meeting was planned.

## SPANK: America Waves the Stick

Continued from Page 1

local newspapers. "We were inundated with letters saying, 'Do it, Mickey' and 'Spare the rod, spoil the child,' that kind of thing," said Chris Manson, Mr. Conroy's press secretary, after the newspaper stories ran.

The bill was killed in committee on a vote of 13 to 12. Mr. Conroy reintroduced it last month.

The bill passed by the Mississippi House last month would have allowed for corporal punishment, "including caning." It did not specify criminal acts for which the measure might be used.

Tennessee's bill calls for public caning "on the courthouse steps" for a number of specific crimes, while New York's calls for paddling in cases of graffiti crimes.

Mr. Cameron, sponsor of Mississippi's bill, said the measure had been stopped by a Senate subcommittee because of the panel's composition.

"When you have four trial lawyers who represent criminals," he said, "you can be sure it won't pass."

The 32-member black caucus in the Mississippi House voted unanimously against the measure.

One caucus member, Repre-

sentative Ed Blackmon, argues that if the death penalty in Mississippi does not deter crime, "a spanking" would not either. He contends that the best medicine for crime problems would be keeping children in school, and that the hidden message of corporal punishment is racism.

Critics question whether such a law would be unconstitutional under the Eighth Amendment's prohibition of cruel and unusual punishment.

In California, Mr. Conroy said the Assembly's legislative counsel and the state attorney general's office have signaled that they have no objections to his paddling bill.

In a speech last May to the Commonwealth Club in San Francisco, Justice Antonin Scalia of the Supreme Court said caning was "probably" constitutional.

Hedy Weinberg, executive director of the Tennessee American Civil Liberties Union, said that subjecting youths to pain and humiliation would send them "back to the streets with very little regard for others."

But Mr. Gunnels of Tennessee said "I think that public humiliation is as much if not more of the deterrent than the whipping."

## EU Link To Turkey Is Final

### Greece Ends Veto For Cyprus Talks

Reuters

BRUSSELS — The European Union agreed Monday to a historic trade agreement with Turkey, after more than 20 years of negotiations, Britain's foreign secretary said.

The official, Douglas Hurd, said the agreement was of immense importance to the European Union.

"We need a special relationship with Turkey," he said. "The centerpiece of this is the customs union."

The agreement to set up the customs union with Turkey, which is to take effect Jan. 1, was made possible after Greece was persuaded to drop its veto of the accord.

In doing so, Athens received a promise that accession talks for the divided island of Cyprus would begin six months after the close of an open-ended review of EU treaties, which starts next year.

The accord with Turkey will open up trade in a wide range of goods and services; unlock nearly \$1 billion in aid and loans to Turkey; and take the country a step closer to joining the European Union.

It is also a key plank in the Union's plans to strengthen security along its southern flank, a goal it shares with the North Atlantic Treaty Organization, which sees the conflict in the former Yugoslavia and instability around the Mediterranean as among its foremost challenges.

Foreign Minister Jacques Poos of Luxembourg said the Union was on the verge of an "historic and strategic" decision, but added that the European Parliament could hold up ratification if there was no improvement in Turkey's human rights record.

Regional rivals in the southern flank, Greece and Turkey, have failed to end a bitter dispute over Cyprus, which was carved into Greek and Turkish Cypriot sectors since a 1974 Turkish invasion of the eastern Mediterranean island.

Other EU states "hope the agreement, which has rewarded compromise by both sides, will encourage more concessions over the island's status before membership talks begin."

Only Ankara recognizes the Turkish Cypriot government, so accession talks would take place with the Greek Cypriot government in Nicosia.

## BANK: Barings Fallout

Continued from Page 1

million, spread among the 15 banks, according to the Nihon Keizai Shimbun, Japan's leading economic daily.

"I think it's a tiny number," said Goro Kumagai, an analyst at Nomura Research Institute.

Japanese banks already are mired in a mountain of losses stemming from real estate loans that went bad after recession hit Japan several years ago. The exposure to Barings represents only a fraction of some \$45 billion to \$50 billion in write-offs expected this fiscal year, according to Mr. Kumagai.

Japanese banks are reluctant to comment on loans to individual customers.

According to the Nihon Keizai Shimbun, Sakura Bank had \$112 million out in loans to Barings, while Yasuda Trust & Banking had \$107 million outstanding and Sanwa Bank's exposure was \$91 million.

## BOSNIA: Croatia Adds Muscle to Anti-Serbian Front

Continued from Page 1

common aggressor." The Bosnian vice president, Ejup Ganic, said, "We have to unite our military and peaceful efforts to reach a balance in the region, to prevent the aggressor from further attacks."

The United States has taken an active role in shoring up a Muslim-Croatian federation that ended fighting between those two groups last year. With the development Monday, and with support from the Croatian government, the federation could have stronger position on the battlefield and, eventually, at the negotiating table, against the Serbs, who hold 70 percent of Bosnia.

The past was a warning, and many used it politically and militarily," said General Janko Bobetko, head of Croatian forces, in an allusion to the bitterness between Croats and Muslims that led to the fighting and continues to this day.

It was not immediately clear where the new headquarters would be located, but with General Bobetko heading it, Zagreb was a likely possibility. The timing of the military

union appeared at least indirectly related to a similar melding of military commands late last month by Bosnian and Croatian Serbs. Croatian Serbs are bracing for war, with the departure of 12,000 United Nations peacekeepers from the republic imminent.

President Franjo Tudjman's decision to expel the peacekeepers after their mandate expires March 31 could reignite the Croatian war between government troops and rebel Serbs.

Bosnian Serbs, meanwhile, have warned the United Nations that they will demand a UN withdrawal from government enclaves, including Sarajevo, if peacekeepers are ejected from Croatia, UN officials said Monday.

The Bosnian Serbian commander, General Ratko Mladic, delivered the threat Sunday to the head of UN forces in Bosnia, Lieutenant General Rupert Smith, UN officers said.

Heavy new fighting also is expected in Bosnia when a four-month truce expires May 1. Underlining its tenuous nature, sniper fire in Sarajevo killed one person and wounded two.

See our Business Message Center every Wednesday



## EUROPE

## Yeltsin, Dismissing 2 Officials, Pledges Crackdown on Gangs

By Steven Erlanger  
New York Times Service

MOSCOW — Russia's powerful Security Council, with President Boris N. Yeltsin in the chair Monday, sharply criticized the Interior Ministry, prosecutors and the domestic secret police for failing to get a grip on organized crime.

Mr. Yeltsin then followed through on a promise last week to dismiss Moscow's police chief, Vladimir Pankratov, and chief prosecutor, Gennadi Ponomarev.

They were convenient scapegoats for the gangland-style murder last week of a television executive and well-known personality, Vladislav Listyev, who was widely mourned in an outburst of public grief and shock.

On Thursday, Mr. Yeltsin went personally to the Ostan-

kino television center, where Mr. Listyev worked, to promise a tough crackdown on crime — and not for the first time.

Perceiving that the nation was sick of the lurid and blatant recklessness of the gangsters, Mr. Yeltsin and his government promised again Monday that something would be done and criticized their underlings.

A press statement Monday night said the Security Council had come up with a series of proposals, but there were no specifics.

The new talk of a harsh crackdown, and Mr. Yeltsin's recent praise of Uzbekistan's methods — widely condemned by human-rights organizations as authoritarian — have also worried liberal democrats here concerned about a political shift to the right.

They fear that a politically weak Mr. Yeltsin will try to

provide the "strong hand" he thinks the country wants against crime, at the expense of Russians' new and hard-won civil liberties.

In Uzbekistan, Mr. Yeltsin said, the local Interior Ministry had "up and shot straightaway" six groups of gangsters and "the situation began to improve."

He said that Russians were so afraid of rebuilding a police state that they also fear "toughening the struggle against these gangster units."

In fact, no one has ever accused the Russian police, whether the uniformed or secret variety, of much delicacy in their handling of criminals, dissidents or anyone else.

Mr. Yeltsin has also been hitting hard at self-described "fascist" groups, which preach religious and racial hatred against dark-skinned Caucasians and Jews, blaming them for the disorder and difficulty of Russian life, including organized crime.

He is reported to be preparing a decree to crack down on the 100 or so fascist groups, many of them tiny, including banning many of their publications.

## Estonians Throw Out Reformers

The Associated Press

TALLINN, Estonia — Liberals who had earned Estonia a reputation for radical reforms have been swept out of office by more cautious politicians, early results from parliamentary elections showed Monday.

A mix of former Communists, technocrats and farm leaders from the allied Coalition Party and Rural Union won the bulk of the seats in Parliament and will take the lead in forming a new government.

The Fatherland Party, which has dominated Estonia's reformist government for two years, was expected to share only 7 of the Parliament's 101 seats with its bloc partner, the Estonian Independence Party.

The results showed that Estonia seems to fit a pattern, set in Poland and Hungary, of reforms followed by defeat for the reformers.

## EU Can Begin Talks On Accepting Slovenia

BRUSSELS — The European Union cleared the way Monday for negotiations to begin on an association accord with Slovenia after Italy lifted its veto, Foreign Minister Klaus Kinkel of Germany said.

The move means the European Commission can begin talks with the former Yugoslav republic that would eventually give it the same status with the EU as countries such as Poland and Hungary, including the prospect of eventual EU membership.

Until now, a pact had been held up by a dispute between Italy and Slovenia over ownership of properties on the Istrian peninsula, a region divided between Slovenia and Croatia and which was under Rome's control before World War II. Italy lifted its objections to the accord, the German foreign minister said.

## Romanian School Aid

BUCHAREST — The European Union will give Romania 25 million Ecus (\$33 million) this year to help it modernize its education system, officials said Monday.

Under the plans of the three-year program, 75 schools would be created, and education and training throughout the country would be modernized. About \$18 million of the EU grant will go toward equipment, and \$7 million will be used to train teachers and develop education programs.

## BRIEFLY EUROPE

The grant is part of the EU's PHARE assistance program for reforms in ex-communist East European countries and will finance the development of Romanian secondary education. (Reuters)

## Canadian Fishing Ban Is Called Unacceptable

BRUSSELS — The European Commission said Monday that a Canadian ban on fishing for Greenland halibut in international waters off Canada's east coast was unacceptable.

Canada said it would take action after the EU rejected its share of a 27,000-ton

1995 quota fixed by the Northwest Atlantic Fisheries Organization to save stocks of one of the last commercially viable species in the region.

The EU has rejected an allocation of 12.6 percent of the 1995 Greenland halibut quota and has instead set its own limit of 69 percent. It says this is closer to its share of more than 80 percent of the total catch of around 45,000 tons in 1993.

The EU says that its acceptance of the 27,000-ton global 1995 quota was a major sacrifice for EU fishermen and that the sharing out of the catch did not respect historic catches and broke a tradition of seeking consensus. (Reuters)

## Calendar

European Union events scheduled for Tuesday, March 7:

BRUSSELS: European Commission reports on money laundering.

BRUSSELS: The European commissioner on consumer policy, Emma Bonino, addresses a European seminar on public services.

BRUSSELS: Monika Wulf-Mathies, the European commissioner for responsible regional affairs, meets with Economy Minister Pedro Solbes and Transport Minister José Borrell of Spain.

FRANKFURT: The Council of European Monetary Institute meets. It will be

attended by Yves-Thibault de Silguy, the European commissioner for finance.

BARCELONA: The Party of European Socialists organizes roundtable discussions of European policy on Mediterranean countries, on the intergovernmental conference and on the role of women.

BRUSSELS: The European Roundtable of Industrialists holds a conference on "Education for Europeans — toward the learning society," with the participation of Etienne Davignon, president of Société Générale de Belgique as well as president of the Association for the Monetary Union of Europe.

Sources: Agence Europe, AFP.

## EU Delays Trade Accord Over Abuses in Chechnya

Reuters

BRUSSELS — The European Union, in the toughest Western response yet to the bloodshed in Chechnya, agreed Monday to postpone indefinitely the signing of a trade accord with Russia.

EU foreign ministers instructed the French foreign minister, Alain Juppé, to tell the Russian leadership during a visit later this week that they needed clear signals on respect for human rights before going ahead with the pact.

"Chechnya is a cloud over relations, a blot on the landscape," said an EU diplomat. "This is our message."

There was no immediate response from Russia. But the Kremlin has reacted stiffly to previous suggestions in the West that trade aid might be used as leverage, saying Chechnya was a purely domestic matter.

Mr. Juppé represents the holder of the European Union's rotating presidency. He is due to lead a delegation made up of

past, present and future EU presidents to Moscow on Thursday.

It had been expected that he would present the trade pact to President Boris N. Yeltsin for final acceptance. Now, diplomats said Mr. Juppé would demand assurances that basic human rights were no longer being violated in the rebel region.

"What we agreed was that the troika would go to Moscow and make clear that there would have to be a clear improvement on the ground before signature can go ahead," a diplomat said.

Negotiations on an interim trade deal, intended as a stop-gap measure until a wider EU-Russian accord is reached, were finalized in December just as Chechnya cast a pall on Russia's relations with the West.

Diplomats said the EU governments, anxious to respond to the outrage over the killing of thousands of civilians in Chechnya, wanted a guarantee that humanitarian organizations would be allowed access to the region.

## U.S. Gives NATO Chief Its Vote of Confidence

Reuters

WASHINGTON — The United States, worried about the effects of the corruption scandal swirling around the NATO secretary-general, Willy Claes, reaffirmed its confidence in him on Monday as he arrived for talks with U.S. officials.

"We have full confidence in him as secretary-general," a State Department spokeswoman, Christine Shelly, said, echoing recent comments made by Vice President Al Gore.

Mr. Claes, who has had to retract statements that he knew nothing about a bribery scheme when he was Belgium's economics minister, met Monday with Secretary of State Warren M. Christopher.

He is also scheduled to see Defense Secretary William J. Perry and will meet President Bill Clinton on Tuesday as part of what U.S. officials say are routine consultations in Washington.

Ms. Shelly said Mr. Claes would be discussing NATO's plans for expansion to include former Warsaw Pact members, the Western alliance's prickly relations with Russia, and the crisis in the former Yugoslavia.

She said the corruption scandal was "something that is being pursued in the Belgian context, and we feel it would be inappropriate for us to comment on that."

**New Support in Belgium**  
Tom Buertke of the International Herald Tribune reported from Brussels:

Pressure on Mr. Claes eased somewhat Monday as a party in the Belgium's governing coalition disavowed one of its leading members and said there was no reason for him to resign.

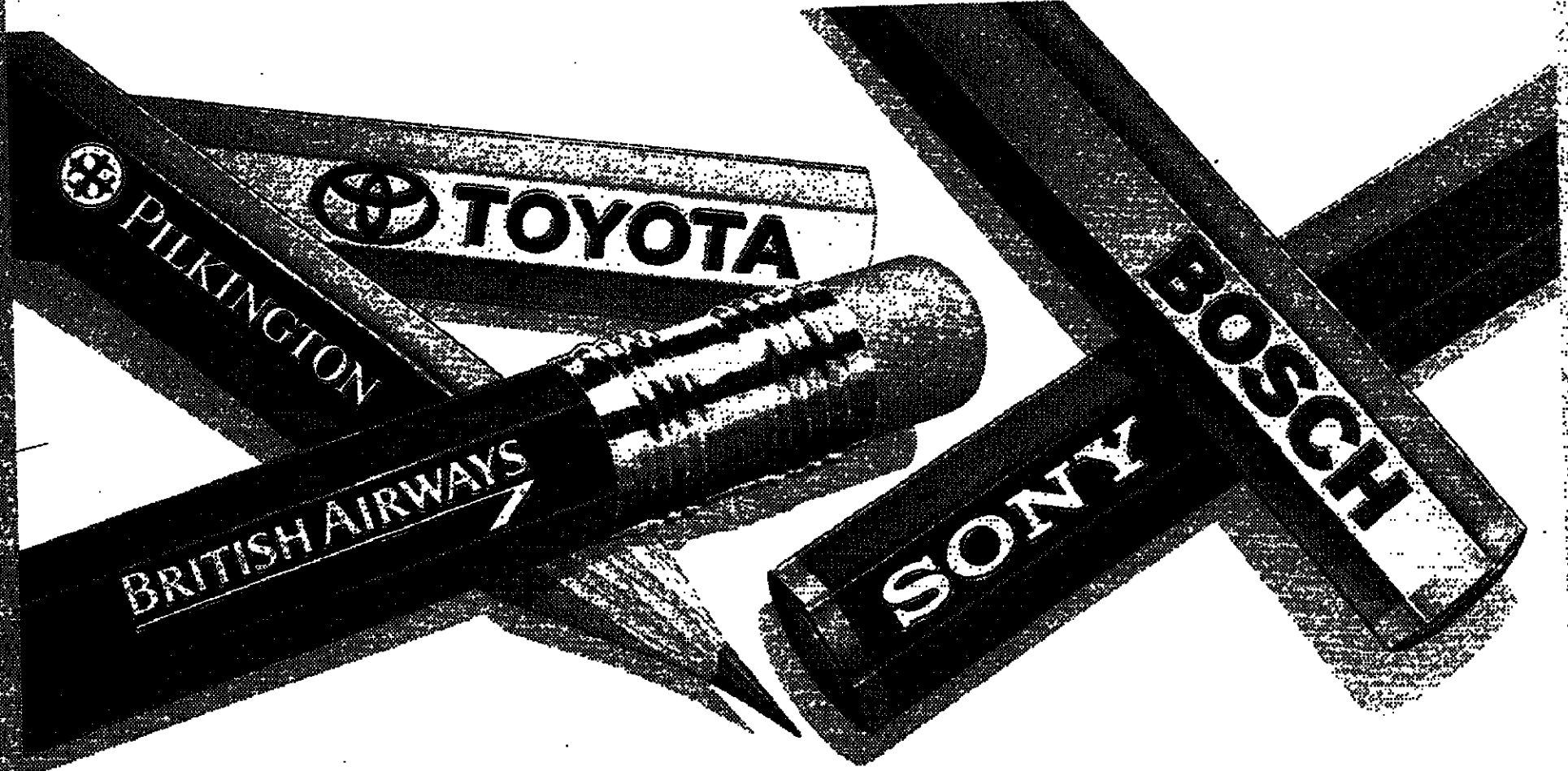
The Christian Democratic party of Belgium's French-speaking southern half said it deplored the "disinformation" caused by heavy media coverage of the scandal, which involves allegations of bribes paid by the Italian manufacturer Agusta to Belgium's Socialist parties for a helicopter contract in 1988.

In a statement released after a meeting of its leadership, the party said there was no reason to demand the resignation of Mr. Claes or of two other leading Flemish Socialist implicating in the affair, Foreign Minister Frits Vandenbroucke or Louis Tobback, the party's president. Mr. Claes was economics minister at the time of the alleged payments.

The party's stance, in effect, rejected that of Raymond Langendries, the president of the Christian Democratic group in the lower house of Parliament. He said in a television interview Sunday that officials who lose public confidence should pay the consequences.

His comment was the closest thing to a resignation call from a member of the Christian Democrats, who govern the country in coalition with the Socialists, and followed calls from the opposition Liberal parties that the three men resign.

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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Negotiation for Algeria

In Algeria, Islamic terrorists assassinate feminists, journalists and secular intellectuals in the streets. Their goal, which they have a realistic chance of achieving, is to topple an equally brutal military government that three years ago cheated an Islamic political party of victory at the polls. That power grab, shamefully endorsed at the time by European governments that feared Islamic fundamentalism more than they cherished democracy, cannot now simply be undone. Hard-line military elements have grown stronger on both sides of a conflict that has so far killed more than 40,000 people. With the struggle now apparently headed toward a bloody denouement, those same European countries fear that a hostile regime could soon come to power with hundreds of thousands of refugees crossing the Mediterranean.

There is still a chance to avert the worst. Recently a broad coalition of opposition groups offered a platform for peaceful settlement based on an amnesty, a South Africa-style national conference and free elections. Regrettably, the government rejected the offer.

The Clinton administration, which has long advocated a negotiated solution, and the European Union, which has recently come around to the same view, need to press the government to reconsider. One way is to stop rolling over the debts of the Algerian government.

Negotiations cannot conjure away the underlying issues. Even a peaceful transition could lead to an intolerant religious dictatorship. Nevertheless, a negotiated settlement offers the only realistic hope for ending the violence and agreeing on

some safeguards for individual liberties.

Some alarmed Americans see the Algerian crisis as part of a larger problem. The mullahs who rule Iran, they note, still preach and plot against the Great Satan America and sponsor worldwide terrorism. Islamic Holy War and Hamas dispatch bombers into Israel from Gaza, the West Bank and Lebanon. Violent followers of Sheikh Omar Abdel Rahman wage war against Egyptian President Hosni Mubarak. In Afghanistan, a new Islamic student movement challenges the mujahidin guerrillas who evicted Soviet troops. But it would serve no American interest to declare war on Islam, with its hundreds of millions of peaceable believers. Nor is the mixture of Islam and politics necessarily contrary to American interests. Islamic political movements, even fundamentalist ones, can have different agendas and need to be dealt with on their own terms.

The Saudi monarchy, itself founded on fundamentalist principles, has long been allied with Washington, and during the Soviet occupation of Afghanistan the United States spent \$10 billion supporting fundamentalist guerrillas. The real problem comes from a peculiar fusion of faith and demagoguery that casts America as the source of all problems.

The Clinton administration has sensibly taken a nuanced approach to Islamic movements, stressing containment in Iran, support for secular leaders in Egypt and Gaza and a hands-off approach in Afghanistan. In Algeria, to its credit, it has helped form a new Western consensus in favor of a negotiated peace.

—THE NEW YORK TIMES.

## Colombia Disappoints

Colombia presents the hardest test of an American anti-drug policy. It is a friendly country, a neighbor, an ally and a democracy. But it is also the cocaine hub of the world and contributes to more real damage to the United States and its citizens than any other country. American demand is the driving engine of the international drug trade. But supplier and distributor countries play a part, too. A fed-up Congress launched an experiment in 1988: to hold supplier countries to account for their anti-drug performance on pain of loss of foreign aid and development loans. As the affected Latin and others note, no similar accountability was placed on the American side to police demand. Nonetheless, it was worth seeing whether this sort of pressure would make a difference, and especially in Colombia, which has suffered terribly from trafficking and where numbers of brave, incorruptible Colombians daily risk their lives in the war on drugs.

The latest accounting, for 1994, holds no comfort. The flow of drugs northward continues. Colombia's government, Congress and judicial system are deeply penetrated, intimidated and influenced by traffickers. The traffickers' reach is awesome. Colombia's president allegedly ran

wittingly on cartel funds. This is why Bill Clinton has now designated Colombia noncooperative in the war on drugs.

That would ordinarily trigger penalties, but he has also invoked a "national security" waiver to keep penalties from being imposed. Western Hemisphere solidarity counted, and so did the importance of American relations with Colombia. Moreover, the American aid that stands to be cut goes mostly to fighting the drug war. There is also a political strategy working. Anticipating trouble in Washington, then President-elect Ernesto Samper, who carries four bullets in his body from an assassination attempt, boldly gave Senator Jesse Helms a list of concrete anti-drug pledges last July. Mr. Helms' staff, checking on delivery, now finds a great gap and argues that grant of a waiver gives Colombia "a signal of legitimacy of counterdrug efforts which that nation's government does not merit."

Some in Colombia are outraged by the Senate report, but its accuracy is undeniable. The U.S. State Department sees the report and its threat of a congressional crackdown as useful in prying out reform. That twisting cooperative path marks the sensible way to go.

—THE WASHINGTON POST.

## Manned Space Missions

With politicians in Washington combing through the budget looking for programs to eliminate, it is astonishing that no one has taken aim at the manned space program. The space agency is spending more than \$5 billion a year to fly its shuttles and build a space station leading nowhere.

The station makes minimal sense unless it is part of a broader plan of space exploration — a manned mission to Mars, for example, or a trip back to the moon for extended exploration or habitation. Yet the date when America will have the resources to finance such enormously costly space exploration is receding faster than you can say "balance the budget."

The crowning achievement of the manned space effort was the 1969 moon landing by American astronauts. But almost immediately the nation's leaders realized that it would be much too costly to proceed deeper into space. Instead they settled for more modest programs that would serve as preparation should another great leap need to be made. Thus a shuttle fleet was built that does nothing but carry astronauts and cargo into low earth orbit, more erratically and at higher cost than lifting the cargo by rockets. Now the United States and several other nations are building a space station that will also be put into low earth orbit. The station at least offers the shuttles some place to go. But its value will be limited compared with the cost. The chief gains expected from the station are practice in assembling large structures in orbit and new biomedical knowledge on how humans are affected by long-term exposure to weightlessness and radiation. Those

are worthwhile objectives but only as a prelude to major space exploration.

To its credit, the National Aeronautics and Space Administration has been far more vigorous than most agencies in reducing planned expenditures, cutting its work force and seeking cheaper ways to do things. But making things leaner and cheaper can go only so far. The way to get truly big savings out of NASA would be to eliminate the entire manned space program, including the station and the shuttle flights. If that program were terminated this summer, officials say, the net savings would be roughly \$3 billion in the next fiscal year and more than \$25 billion by fiscal year 2000. If the station alone were terminated, the savings would be more than \$14 billion by the year 2002.

Termination of manned space flight would have drawbacks. Other nations participating in the station project would feel betrayed, although many of them are also seeking ways to reduce space expenditures. Russian participants in particular might see their whole space program collapse. Finally, many Americans might be appalled to see their nation flinch from a long-term space commitment simply because of current budget pains. But continuation of the program also has risks — chiefly that the costly manned missions might increasingly squeeze out highly productive scientific missions using unmanned spacecraft. As Congress whacks away at domestic programs, there is no good reason to exempt the space agency from sharp scrutiny. Its manned space program appears to be one of the more expendable budget items.

—THE NEW YORK TIMES.

## Modern Turkey Is Part of Europe, and Increasingly So

By Tansu Ciller

The writer is prime minister of Turkey.

ANKARA — Some people claim that Turkey is not part of Europe. They are wrong on two counts.

First, they perhaps do not know the Turkey of today, recognizably a modern and European country where young people, for example, have the same lifestyle and interests, concerns and hopes as the rest of their generation across Europe.

Second, without Turkey, Europe would be a continent that chooses to amputate nearly 3,000 years of its own history and culture.

The Turks and Turkey have been a part of the life of the continent for many centuries. It is the idea that Turkey is not European which is new. A strong and prosperous Turkey, firmly integrated into the mainstream life of Europe, will be a beacon of stability over a wide region rolling with religious and ethnic antagonisms. It will give the lie to prejudice and extremism on every side.

A historic step in this direction takes place in Brussels this week, as Turkey and the European Union complete a customs union agreement that has been more than three decades in the making. Starting in January, goods and services will be able to circulate freely between Turkey and the rest of Europe. It is an exciting opportunity for both sides.

Turkey is a young country with a population of 62 million. Inside the European Union, only Germany has a larger market. The EU, with Turkey, will form a vast consumer market.

Turkey and the EU designed the cus-

toms union in the 1960s and 1970s. We have come a long way since then. In 1963, when the treaty linking Turkey to the European Economic Community was signed, Turkey was mainly an agricultural

**Turkey's secularism is simply the liberty of conscience that people in advanced, democratic countries take for granted.**

al country. Today we are predominantly an urban and industrial nation. Some of our industries, particularly textiles and steel, are considered world leaders.

The customs union, however, represents more than just an opportunity to compete economically. It is part of a much broader trend all over the world toward convergence and partnership.

In the closing years of 20th century, regional free trade blocs such as the European Union and the North America have appeared on every continent. They are stepping stones toward a world of almost unlimited opportunities, built on democratic values, the free market system and the miracles of new technology.

Adaptable and pragmatic regional economic groupings are the best way to

overcome historical suspicions and rivalries. They provide a framework in which business communities in every country cooperate freely to generate prosperity.

Turkey is situated on the edge of both Europe and the Middle East. So it has an almost unique combination of experience and insights where regional groupings are concerned.

We are working hard with Israel and the leading Arab states to ensure that the endemic conflict of the Middle East is replaced by cooperation and the elimination of poverty and insecurity.

Our geographic position enables us to share in similar ventures elsewhere. The Black Sea Economic Cooperation Organization is forging links between countries in the Black Sea region. At its meetings, even hostile countries such as Azerbaijan and Armenia sit around the same table to discuss ways of peaceful cooperation. Elsewhere, we are trying to promote trade and cooperation in the Caucasus and among the newly independent countries of Central Asia.

There are two reasons we stress trade and cooperation this way.

The first is economic. As a newly industrialized country, we know that faster growth and greater prosperity can come only if we stimulate international trade and capital flows. This is the only way to ensure that all of our citizens enjoy the standard of living to which they aspire.

The second is geopolitical. Unfortunately, one does not have to look far outside Western Europe to see serious

threats to international order. Turkey is a democratic and stable country, but, unlike North Americans or West Europeans, we live close to several of the world's trouble spots.

Ancient hatreds, ethnic grudges and fanaticism based on differences of religion and nationality still stalk the world. They are claiming millions of innocent victims even today. Bosnia has shown us how much suffering can be caused by nationalism based on religious and ethnic strife.

Some trends in the Middle East cause anxiety. One is the spread of extremist fundamentalism. Here I strongly believe that Turkey has an important contribution to make. Its population is Muslim and devout, but also European and overwhelmingly moderate. A cardinal principle of the Turkish republic has been that religion and politics must be firmly separated. Turkey's secularism is simply the liberty of conscience that people in advanced, democratic countries take for granted.

Laying prejudices and fear to rest takes time and effort. Building prosperity is also something that is not accomplished in a single day. Setting up a customs union between Turkey and the European Union presents tough challenges to all involved. But it is an important new doorway being opened to a better and more secure world. The benefits will be felt not just in Europe and Turkey but far beyond.

New Perspectives Quarterly.

## A Japanese Consensus on the Pacific War Still Doesn't Look Close

By Roger Buckley

TOKYO — Confronting its past record in the Pacific war is getting harder for Japan as the 50th anniversary of its defeat in August 1945 approaches.

The difficulties that Tomiichi Murayama, the Social Democratic prime minister, faces in pressing his conservative coalition partners to agree to an unprecedented parliamentary resolution apologizing for Japanese wartime behavior illustrates graphically the divisions that run deep within the nation.

Mr. Murayama's attempt to produce a joint document to explain why his generation went to war and what it did in the Asia-Pacific region is likely to fail. It is proving too hard to paper over the enormous gulf between the left and the nationalists who prefer to look at what happened to their country rather than at what it did to its neighbors and the West.

Splits in the Diet reflect the lack of consensus in a nation that

usually takes pride in presenting a united front to the outside world. No amount of camouflage can reconcile the opposing visions of the most important years in Japan's modern history.

Influential right-wing forces are adamant that there is no need to apologize for the sneak attack on the United States at Pearl Harbor or for Japan's colonization of Southeast Asia once it had evicted the Europeans and Americans.

The rightists' insistence that the region was "liberated" by Japanese forces ignores the reigns of terror in the Philippines, Singapore and Malaysia that the new rulers imposed on those who offered resistance.

There are three explanations for the bizarre versions of history firmly held by many Japanese.

Strong domestic political groups with nationalist views have close connections to the

conservative Liberal Democratic Party which partners Mr. Murayama's Social Democrats in the governing coalition. Members of organizations representing bereaved families insist that the relatives of those who died in combat or on the home front should not have to listen to their government voicing anti-Japanese sentiments that ape the views of the West.

Such views, they argue, are merely "victors' history" and should be rejected as an alien ideology imposed by people who know little or nothing of the pressures of Western encirclement faced by Japan in 1941.

Secondly, there is fear that any all-party statement from the Diet would prompt a host of renewed claims for adequate financial compensation from the many victims of Japanese imperialism.

One group seeking reparations

are the so-called comfort women. Women from Korea, the Philippines, Taiwan, Malaysia and Indonesia were press-ganged into prostitution in Japanese military brothels. Legitimate arguments by successive governments in Tokyo that the issue was settled under the peace treaty signed at San Francisco in 1951 and the Japan-South Korea pact of 1965 remain unconvincing.

The claim that Tokyo has already fulfilled its obligations to victims of its wartime barbarism has also been used to block a campaign for compensation by surviving allied prisoners of war for their sufferings in Japanese camps in Southeast Asia.

The third reason for contemporary Japan's selective amnesia about the Pacific war is the most disturbing for the country's future international role and the health of its democracy.

There is a virtual conspiracy of silence in the political and bu-

reaucratic establishments which leaves young Japanese often uninformed about the war years.

Despite repeated promises of education reform, many Japanese university students are taught little about why their grandparents went to war and the havoc they wreaked in Asia. In place of this knowledge, most students leave college with an exaggerated enthusiasm for peace studies and the idealistic hope that Japan's postwar good behavior can serve as a model for a cooperative, non-violent international society.

The backing in the coalition government is certain to continue. At the present rate of progress, it could be another 50 years before Japanese society reaches a consensus on the history of the Pacific war.

The writer, a professor of history at the International Christian University in Tokyo, contributed this comment to the Herald Tribune.

## A Nuclear Double Standard Endangers the Nonproliferation Treaty

By Susan Eisenhower

WASHINGTON — On the way to pressuring Russia into withdrawing from its agreement to provide Iran with nuclear reactor technology, the United States may well have ensured itself a rougher ride in securing the permanent extension of the Nuclear Nonproliferation Treaty.

Although the Clinton administration has designated the passage of a permanent, unconditional nonproliferation treaty as a priority, it will have to overcome mounting criticism among those undecided countries which say that the nuclear regime has benefited only the Western industrialized nations and their allies, creating an unfair and counterproductive double standard.

Such complaints will be difficult to refute when 172 nations meet next month in New York to decide on the future of the treaty.

Since its adoption 25 years ago, the treaty has drawn criticism from signatories and nonsignatories alike for what they say have been halfhearted efforts on the

**It would be wiser to keep worrisome countries like Iran within the treaty.**

part of the major nuclear powers to meet the disarmament objectives outlined in the 1970 pact.

More recently, criticism has been focused on the other provision outlined in the treaty, which ensures those who agreed to abstain from developing nuclear weapons access to peaceful nuclear power technology.

The United States, they say, has been at the forefront of creating this double standard, which is evident in the way it views the activities of, say, Japan and Israel — its allies — as opposed to countries like Pakistan, China, North Korea and now Iran.

With respect to Russia's contract to provide "peaceful" nuclear power technology to Iran, the Clinton administration deserves credit for decoupling the volatile issue from U.S. aid to Russia — especially Nunn-Lugar funds for disarmament. But Warren Christopher's reiterated stance that the United States opposes "any nuclear cooperation with Iran by Russia or other countries" underscores the double-standard reality, further threatening the prospects for a permanent unconditional pact.

Iran, as a sovereign nation and a treaty signatory, has a legal right to acquire a nuclear reactor if it agrees to International Atomic Energy Agency inspections and other safeguards, which it has apparently done. Inflexible U.S. opposition to this action not only compromises Washington's ability to influence the terms of the Russian-Iranian deal, it could reduce Iran's, or any other country's, incentive to work within international structures for nuclear cooperation. And yet it is decidedly in America's interest that they do so.

House Speaker Newt Gingrich has thrown gasoline on the fire, linking this deal with aid to Iran and demonizing all of Islam. Despite assurances that Russia will be providing the technology for a civilian program within the agreed framework of both the nonproliferation treaty and the IAEA, Mr. Gingrich has been unmoved, citing the dangers of Iran.

Last week he even linked this matter to the threat of "Islamic totalitarianism on a worldwide basis." Furthermore, he said, Russia's interests in the deal clearly diverge from America's.

I am not sure that Russia's interests in this matter conflict at all with those of the United States. Apart, perhaps, from the economic rivalry of such a sale, Russia has no interest in helping establish a nuclear weapons-capable Muslim state on its southern periphery. Indeed, it has strong reasons to be fearful of such an eventuality.

First, there is a sizable Muslim population within Russia's borders and in the adjoining former Soviet states. Second, it is currently fighting a war with one of its

own Muslim outposts, Chechnya — a conflict, by the way, in which the sympathy of the Muslim world has been drawn to Chechnya.

Apart from the attractive financial aspects of the deal, Russia may see great strategic benefit in engaging in a cooperative agreement with Iran at this time, especially since the Chechen conflict can only drag on indefinitely with the help of the Muslim world.

America's handling of this issue has done more than increase tensions between it and Iran and Russia. It has underscored the vulnerabilities of the Nuclear Nonproliferation Treaty and revealed the inconsistency of Washington's policies.

Last week a Russian nuclear spokesman accused the United States of duplicity in its position on the Iranian deal, citing Washington's intention to send the same kind of reactors to North Korea as part of the Carter-Vladivostok settlement last June. The U.S. action may subvert the extension of the nonproliferation treaty when it comes up next month, he said.

While the future nuclear ambitions of Iran and North Korea, or any other country led by an authoritarian regime, are of vital national concern, America is more likely to meet its long-term objectives if worrisome countries such as Iran remain within the treaty framework. And certainly inflammatory rhetoric, belligerence and double standards won't help to get permanent extension.

The writer is chairman of the Center for Post-Soviet Studies in Chevy Chase, Maryland. She contributed this comment to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1895: Whistler Triumphs

PARIS — The "Eden-Whistler" case was again before the Court in the Sixième Chambre yesterday (March 6), when Mr. Bureau on behalf of the Baronet and Mr. Bourdeley for the celebrated artist fought over the portrait of Lady Eden. The plaintiff's counsel asked that the picture be sequestered on behalf of his clients. This was refused, the court holding that it must be handed over to Mr. Whistler, but on the understanding that he should not make any further alterations. The picture was handed over to the artist, who bore it away in triumph.

## 1920: Out of Siberia

NEW YORK — Japan has decided, in line with American policy, to abandon her expedition in Siberia, and that the first detachment of Japanese troops will

leave Vladivostok on March 23, when Czechoslovak troops also depart. Japan, deeply concerned at the spread of Bolshevism, is understood to desire the creation of a buffer state between herself and Soviet control in Russia.

## 1945: On German Soil

WITH THE 9TH ARMY — Prime Minister Winston Churchill stepped on to German soil for the first time today (March 3) since the start of the war and inspected the battered Siegfried Line and the captured town of Fulda, escorted by Lieutenant General William H. Simpson, commanding the 9th Army. Mr. Churchill crossed into Germany from Holland near the battered city of Aachen. Not one building had escaped damage. When Mr. Churchill was asked, "What did you think of Aachen?" his reply was, "Was that Aachen?"

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Dolce & Gabbana's houndstooth-check dress.



Pastel dress and coat from Istante by Versace.



Gucci's satin shirt and hipster pants.



Corset-fitting jacket at Moschino.

## A Manhattan Melody in Italian Shows

By Suzy Menkes  
International Herald Tribune

MILAN — Red as a devil's cavern glowed the crumbling ceiling and cracked walls. At the epicenter of popping flashbulbs and parading models was Anna Sui — one of a handful of American designers revving up Italian fashion.

The international fall-winter shows are supposed to open in Milan and end in mid-April in New York. Yet it was Tom Ford at Gucci who set the scene rocking with a Mick Jagger and Marianne Faithfull parade of taut satin shirts, low-slung hipster pants and shoes shining metallic like a Cadillac.

The other Americans making it in Milan are Lawrence Steele, formerly with the hot fashion house Prada; Russell Bennett, design consultant at Moschino; Rebecca Moses, an adviser to Genny; and Zoran, who has presented his no-fuss, fine-quality clothes in Milan for five years. This season he brought along Christian Francis Roth, a young New York designer with whom he plans to create a new line.

Against this Manhattan buzz, Gianni Versace was in uncharacteristically ladylike mode — sending out dresses and three-quarter coats like mother used to wear — in his Istante and Versus lines. But Dolce & Gabbana's close-fitting jackets and curvy dresses emphasized the structure and silhouette that is fashion's latest look.

The mood in Milan is somber, not just because of the continuing political uncertainty and currency fluctuations. (The weak lira has boosted Italian exports.) But there is a general feeling that designer fashion is stagnating and customers are apathetic.

"This is a moment to be professional about fashion," Giorgio Armani said

while fitting the new hourglass suits he will present in a big show in an industrial complex on Thursday.

In spite of the dearth of new young talent and a lack of fashion energy in Milan, American buyers emphasize the importance of Italian clothing to the stores.

"It's the tailoring, the fabrics, the quality all the way through — American women respond to it," said Dawn Mello,

### MILAN FASHION

president of Bergdorf Goodman, which fields an 18-strong team.

Gucci's hip show brought fun and dynamism to the quality product — deep-pleated coats in electric colors, pin-striped pantsuits, fine-knit dresses and squishy bags that came in metallic patent leather or even fur.

Sure it was retro: Kate Moss in velvet pants even tighter in the thighs and lower-slung than snake-hips Jagger used to wear. But Ford's rainbow-colored hologram-print shoes were a modern take on the hippy look. And the show, held in a grand salon under a quartet of massive chandeliers, held a good balance between what is good to wear and great for magazines to photograph.

Dolce & Gabbana made a B-line for the body: a swell of bosom, sharp in at the waist and curving hips for the suits that opened the show. Jackets and coats were either tight-fitting or tied, with a focus on the belted safari jacket and trench coat — cute in bold houndstooth check, shining plastic or fake fur.

The mix of textures and graphic use of black, white and wicked-lady scarlet made even the ladylike two-piece and the Dolce Vita sleeveless day dress look modern. And since the designer duo have made the corset their signature, the evening look of laced bodice with fluttering chiffon was spirited.

Versace — who took a bow with sister Donatella — proved the danger of making a show of a secondary line. Knee-length dresses and three-quarter coats in sweet-pea pastels at the Istante show? What a bore! Seen them all before — on Versace's own runway. And, of course, in those archive pictures of Balenciaga circa 1959.

Even the supermodels could not prevent satin skirts, suspended from crepe bodices cut in a straight line above the bust, from looking dowdy. And empire-line dresses in crystal pleats looked better on Madonna, who was projected in concert in a Goliath-sized image on the curtained backdrop.

The Versus line was livelier, with its geometric checker-board dresses recalling Courreges in the 1960s and bold mixes of herringbone tweed with plaid — including tartan shoes and bags.

THE Moschino show was a credible attempt to capture the wacky spirit of the designer, who died in September. There were corset seams and frills stitched to the outside of Moschino's impeccably cut jackets. References to witicisms or applied symbols from previous collections were used alongside the bustle-and-ballooned trends launched by John Galiano and Vivienne Westwood. In a moving finale, blue sky-and-cloud-patterned outfits with angels' wings paid tribute to the late designer.

Steele hinted at his Prada background with nylon jackets and mixes of thickly padded fabrics with liquid satin and fine knits. But he had a spirit of his own in long, curvy coats and in a color palette that included crushed blueberry and burnt orange, as well as winter white, which is a Milan favorite.

Zoran's mushroom beiges and browns made elegant easy pieces in inventive fabrics like linen mixed with cashmere and satin with silk gauze.

Alongside American designers, there are also the British. The best of Katharine Hammett's show was American-inspired: cyberspace cowgirls with fringe-patterned trompe l'oeil on a sweater, wide nylon pants and moon boots. Scott Crolla, in a first collection for Callaghan, took a nomadic journey through the 1970s, with a long, triple-layered silhouette, for velvet dresses in gothic colors and crepe pants flaring over satin shoes and tapestry boots.

Where is the young Italian talent? Angela Missoni created a lively event with a video-show and still-life display inspired by women as superheroes — encased in stretch bouclé, gleaming in metallic Lurex or wearing knits in bands of different-sized stripes like a computer printout.

Missoni itself went hip — if by that you mean bras bursting through knit cardigans, hug-me-tight dresses and icicle-sharp heels on padded ankle boots (stalgmatite headgear optional). The best trick was a nylon backpack unfurling as a rainbow-knit coat.

Kean Ery is pushing the family business toward high-fashion clothing as well as the strong bags, printed scarves and accessories. His sister Veronica is studying fashion at St. Martin's in London and the 10-strong design team includes fledgling British designers.

But the relationship between Milan fashion and foreign talent is a mutual love-in.

"This is a designer's dream — it is a good combination because Italian technology and craftsmanship is very well developed," said Sui, who is creating a new line with Gilmar as well as designing its Cento Per Cento range.

And Ford explains why American designers can flower when they quit Manhattan for Milan. "It's leaving your own culture," he said after the Gucci show Sunday. "You are not restricted by all the silly things you learn at home."

## Berets Are Off to Krizia

International Herald Tribune



Mandelli, left, and her flapper dress.

Moschino/Thomas (3)

MILAN — Krizia celebrated 40 years in fashion and 100 years of cinema in a well-choreographed show with the party beret as its unifying theme — after silver-screen stars from Marlene Dietrich to Marilyn Monroe were projected wearing berets.

"I can't believe it is 40 years — it seems like yesterday," said the designer Mariuccia Mandelli. "I am pleased to demonstrate that fashion is not a beast that changes all the time."

That was a reference to her signature spoon-shouldered tailoring and to the house's panther symbol that was abstracted to a pelt pattern in embroidery or a big-cat silhouette on a fringed flapper dress.

A dramatically staged exhibition of Krizia's work opened Monday at Milan's Triennale, tracing Mandelli's career, with her husband, Aldo Fallai, and her encouragement of the late young designer Walter Albini and of Karl Lagerfeld.

There are the knits that are a house trademark — and came in the show as puff-shouldered sweaters, sinuous long dresses and fluffy evening wear set with rhinestones.

A photograph by 1970s cult snapper Chris von Wangenheim of brief play shorts and platform shoes still looks modern after 24 years, said Mandelli, who received an ovation for her contribution to Italian fashion.

Suzy Menkes

## BOOKS

### REEF

By Romesh Gunsekera. 190 pages. \$20. The New Press.

Reviewed by Richard Eder

It was 10 years or so into the bloody political and ethnic violence that, since the late 1950s, has afflicted the beautiful island that once was Ceylon and now is Sri Lanka. "All over the globe revolutions erupted, dominions tottered and guerrilla war came of age; the world's first woman prime minister — Mrs. Bandaranaike — lost her spectacular premiership on our small island, and I learned the art of good housekeeping."

Romesh Gunsekera's "Reef," a novel about a youth who comes precariously together in a disintegrating world shares the fragrant sweetness of its setting and its agony of change. It works them into the first-person narrative of a poor farmer's son for whom a job is wangled in Colombo as apprentice houseboy to Salgado, an eccentric intellectual who is the island's leading marine biologist.

Gunsekera has taken the risk of telling a large story in the tiny, almost cloying constriction of meals, recipes, furniture polishing and a boy's besotted reverence for the figure for whom he performed these tasks. There are times in "The Reef" — the loving preparation of a festive tea, a nerve-racking experiment with a Christmas turkey — when we could almost be reading a very food-page feature about the perils and pleasures of Third World

cooking. We are reading something quite different. When Triton, the narrator, comes to work for Salgado, it is not simply a job. It is passage from the primitive countryside to the complex tasks and ceremonies that mark the highly civilized world where people read books, govern countries, enjoy wealth and travel to England.

When the departure of Salgado's cook and principal houseboy leaves Triton to do everything alone, it is not a burden handed to him but a sword. Through ordeal and peril to glory: He works and studies to become the perfect cook, butler, valet and housekeeper, and to please Salgado and Salgado's ravishing girlfriend, Miss Nili.

Triton's account begins long afterward on a cold night in London where he has lived for many years and has managed to set up, after hard struggles, a successful restaurant. Cooking is no longer a joyful salvation but simply a way to survive. It is the particular achievement of Gunsekera that he has been able to weave into Triton's buoyantly and comically ecstatic account of life as a servant, more complex glimpses of Salgado, Nili,

Sri Lanka and himself, and of the hard things that change was bringing to all of them.

Salgado is a wonderful mix of abstraction and urgency. He drifts about the house like a cogitating wraith until Nili smites him; whereupon he fuses continually. Nili, sexy and frail, turns Triton into a buzzing circuitry of desire. The fact that he reveres her and his master too much to do anything about it only makes the erotic charge more powerful.

The growing strife and displacements of Sri Lanka and the world infiltrate the feudal glory of Triton's kitchen. Political polarization and radical urgencies endanger and ultimately destroy his scientific mission: the ecological preservation and careful development of the Sri Lankan coastal waters, with a particular view to protecting the fragile coral reefs offshore.

Coral is Salgado's passion and the book's central metaphor. A coral reef is alive, but only at its skin. Its billions of tiny organisms multiply and build on the surface, leaving their calcified bodies as the reef's mass. The violence of politics and change, in this im-

age, destroy the living integrity while seeking to give it more vital forms. Civilization is at the surface, not deep down; destroy the surface and the life that preserves it will die.

Gunsekera's point, like his coral, is not calcified but alive. As Salgado leaves his post and takes a modest job in Britain — a number of his friends have been killed in the growing violence — his life changes but does not come to an end. Neither does Triton's; he accompanies his master and continues to serve

him, though more modestly. Encouraged by Salgado, he reads, studies and starts a snack bar that will eventually grow.

The rich but fragile culture that the two of them had known has perished in violence and change. They retain their humanity. Triton will stay, work and prosper. Well, badly — the author makes no effort to say; the verb is now, the adverb comes later. Without prospects, Salgado returns to Sri Lanka to take care of Nili, who is now an invalid. Humanity means using

whatever is left, even when it is only the past. Before Triton drives him to the airport, his former master tells him: "You know, Triton, we are only what we remember, nothing more... all we have is the memory of what we have done or not done; whom we might have touched, even for a moment." Perhaps, after all, coral would talk that way.

Richard Eder is on the staff of the Los Angeles Times

## CHESS

By Robert Byrne

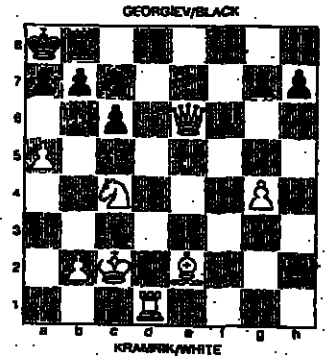
VLADIMIR KRAMNIK beat Kiri Georgiev in the World Chess Olympiad.

In the Slav Gambit Accepted, with 4...d5 5 a4 Bf5, Black has given up his strongpoint in the center but gotten his queen bishop out. Instead of straightforward development with 6 e3 followed by 7 Bc4, Kramnik prefers the ambitious 6 Ne5 e6 7 f3.

After 7...Rb4, 8 e4, Black cannot spinelessly retreat with 8...Bg7 because 9 Bc4 gives White a strong center and the black queen bishop is out of action. To fight, he must play 8...Bd1? 9 fe Ne4.

After the immediate 16 Qc3, Black should not play 16...Qc7? because 17 Kc3 Nc5 18 Be2 is safe enough for the white king and the white pieces are united. Thus, 18...Qf6 19 Kb4 a5 20 Ka5 Rd4 21 Rd1 Rb8 22 Rd4 Rd4 23 Rd1 Rd1 24 Bd1 creates a won endgame for White.

But Georgiev's 16...Kb8 was passive and did not prepare a



Position after 23...Ne7

good defense for the black king anyway.

Kramnik's 17 Be2! was a standard sacrifice, but here accepting it with 17...Qg2 would concede White a solid positional advantage after 18 Rb1 Qh2 19 Rg7. His point was that 19...Nb4 20 Kb3 Nd4 would be destroyed by 21 Qc5 Qc5 22 Ne5 f6 23 Nd7! Ka8 24 Ne5.

On the inoffensive 17...Ka8, Kramnik took a strong step toward blunting any black counterplay with 18 g4!

Had Georgiev reduced material with 22...Rd1 23 Kd1, his

back rank would have been weak and Kramnik could easily have attacked the enemy pawns on both flanks. Not doing so, however, left him open to a powerful attack. After 22...Rb8 23 a5 Ne7, Kramnik struck a smashing blow with 24 Nb6!

After the forced 24...ab 25 Na6, but after 29 Qd6 Rd6 30 Ra3, the endgame was lost for Black. In any case, he did not play 26...Qc5 because of 27 Ba6 ba 28 Qc6 Rb7 29 Qc8 Qb8 30 Ra6.

After 41 Kd5, the time control having been passed, Georgiev gave up.

### SLAV DEFENSE

White	Black	White	Black
Kramnik	Georgiev	Kramnik	Georgiev
1 Nf3	Nf6	21 Qc5	Qc5
2 d4	Nf6	22 Ne5	f6
3 e4	e6	23 Nd7	Ka8
4 Nc3	Bf5	24 Nb6	ab
5 a4	Bf5	25 Na6	Rd6
6 Ne5	e6	26 Ra3	Ra6
7 f3	Bd1	27 Ba6	ba
8 e4	Bg7	28 Qd6	Rd6
9 Bc4	Bg7	29 Qc5	Qc5
10 Qc3	Qc7	30 Ra3	Ra6
11 Bb1	Qc7	31 Qd6	Rd6
12 Qc3	Qc7	32 Ne5	f6
13 Bb1	Qc7	33 Nd7	Ka8
14 Kc3	Qc7	34 Nb6	ab
15 Qc3	Qc7	35 Na6	Rd6
16 Qc3	Qc7	36 Ra3	Ra6
17 Bb1	Qc7	37 Ba6	ba
18 g4	Qc7	38 Qd6	Rd6
19 Kb4	Qc7	39 Qc5	Qc5
20 Ka5	Qc7	40 Ra3	Ra6
21 Rd1	Qc7	41 Kd5	

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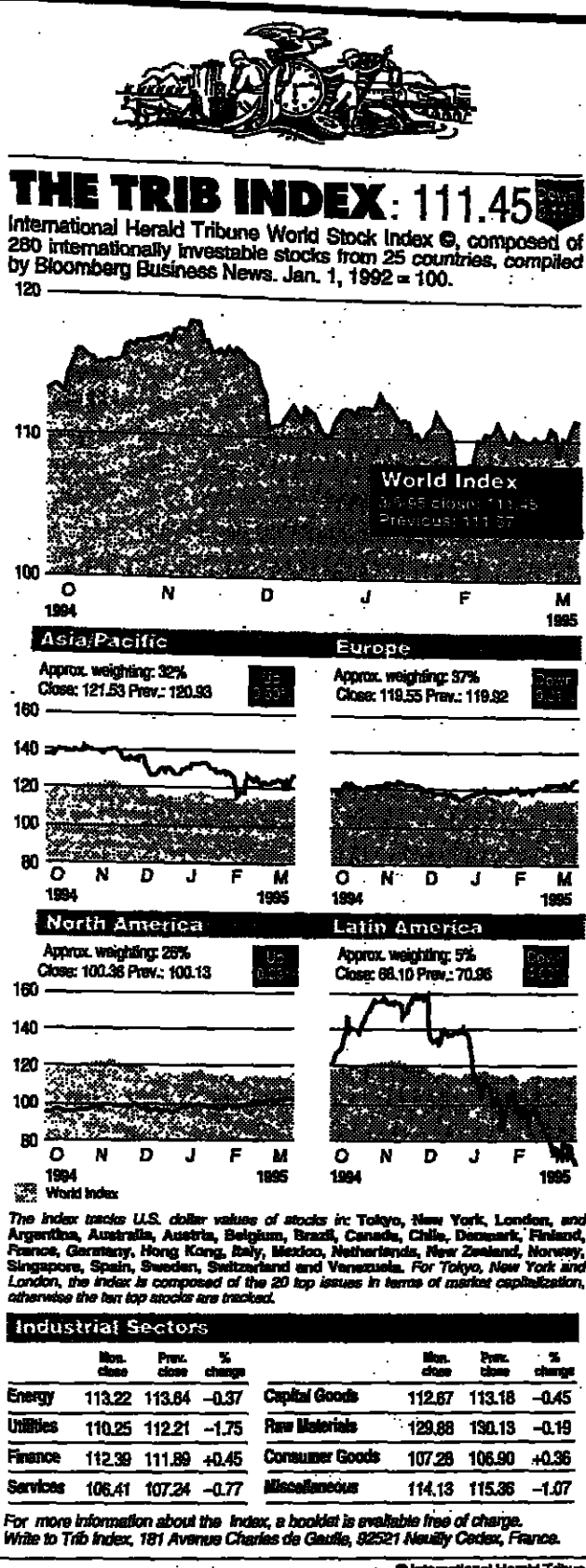
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• Paula Almerares, an Argentine soprano, is reading "Los Angeles Como Mensajeros" ("Messengers of Light: The Angels Guide to Spiritual Growth") by Terry L. Taylor. "This is about angels, my favorite subject at the moment. Angels are the perfect inspiration for a singer." (John Brunton, IHT)



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## ING Gets Barings With Vow to Cover \$1.4 Billion Loss

By Erik Ipsen  
International Herald Tribune

LONDON — Barings limped out of bankruptcy and into the arms of International Nederlanden Groep NV, which agreed Monday to more than make up the British banking concern's \$860 million (\$1.4 billion) losses on Far Eastern futures markets. For Barings's shell-shocked

depositors, creditors, clients and even employees, the deal promises a return to normality after a week of turmoil.

"We will pay all customers and clients in full," said Jacobs, ING's chairman. "They can all be satisfied."

In fact, the only losers from what ING was buying Monday as a "merger" are the holders of \$100 million worth of Barings PLC's subordinated bonds. By buying the three arms of Barings PLC, the Dutch insurance and banking organization skirted the need to pay off the bonds. Those bondholders will receive \$5 million now and as much as \$15 million later.

ING also cautioned that it would pay only those creditors who had valid claims against Barings as of Monday. Any future claims would not be met.

ING executives also stressed that pending a report from the Bank of England investigation into the cause of Barings's collapse, all Barings's staffers and executives would remain.

"We did not agree to pay almost \$700 million to acquire a people business if we did not expect to keep the people on board," Mr. Jacobs said. "We are not going to fire anybody."

## Yen Threatens Best-Laid Plans

Compiled by Our Staff From Dispatches

TOKYO — Just when Japan's corporate giants thought it was safe to proclaim recovery, the country's surging currency threatens to slash profits and throw carefully laid business plans into confusion.

As the yen climbs to series of record highs against the dollar, Japanese products become more expensive overseas and profits are slashed as companies convert revenue earned in dollars back to yen.

That could stifle the beginning of a recovery after three years of falling profits, and in the words of Japan's top business executive, even threatens the fabric of the world's economy.

"The yen is at a much higher level than companies can deal with and reflects serious instability in the world's financial markets," said Shirohito Toyota, chairman of the Federation of Economic Organizations, or Keidanren, Japan's top business lobby.

Japanese companies that rely on exports have so far kept stiff upper lips as the yen climbs. They have met the challenge by shifting production overseas and embarking on severe corporate diet programs.

Electronics companies such as Sony Corp. and Matsushita Electric Industrial

Co., which export up to 65 percent of their output, say they are adopting a wait-and-see attitude toward the rise of the yen. Neither company plans to alter its earnings forecasts or the internal exchange rates they use to make those projections.

Their tranquility may come from the experience they have gained over the

The French franc hits a new low against the Deutsche mark. Page 12.

past two years watching the dollar fall from around 118 yen in March 1993 to about 93 now.

"We have met the strong yen with cost-cutting and a gradual shift to production sites overseas," a spokesman for Matsushita said.

A Toshiba Corp. executive said: "We don't make instant decisions based on one day's exchange rates. However, since a strong yen makes our goods expensive, we will continue a gradual process of deciding where the best locations are for manufacturing."

NEC Corp. was more optimistic. "We see the latest rise as a temporary phenomenon and economic fundamentals suggest the yen will weaken," said Mark Pearce, a company spokesman. NEC is

less dependent on exports than many Japanese companies, selling around 20 percent of its computer and telecommunications products outside Japan.

Toyota Motor Co. called the yen's strength an "irregularity," but Japan's biggest automaker admitted that the currency was creating difficulties. Yet Toyota has no plans to alter its earnings forecasts or internal exchange rates, a spokeswoman said.

Japanese investors were apparently unfazed by the yen. The Nikkei average of 225 leading stocks slipped 1.1 percent on Monday, to 16,849.92 points, but finished Friday virtually unchanged from the previous week.

A stable stock market may help exporters carry some of the burden of the rising currency, economists said.

"As long as the equity markets don't resume their nosedive, then maybe the implications are not so far-reaching," said Don Kimball, senior economist at Mitsubishi Bank.

Most companies are shielding themselves against currency swings by hedging their earnings through the purchase of foreign-currency forward contracts that cover changes in the exchange rate

See YEN, Page 13

## Wall Street Ignores the Dollar's Slide

By Kenneth N. Gilpin  
New York Times Service

NEW YORK — Unless the value of the dollar goes into a free-fall against major currencies, economists and portfolio managers say they do not expect its latest bout of weakness to have much impact on American stock and bond prices.

That assessment would have been unthinkable during the latter 1980s, when Japanese investors financed a large chunk of the soaring U.S. trade and budget deficits through purchases of everything from financial assets to real estate. In those days, bond traders viewed any prolonged period of dollar weakness against the yen with genuine alarm.

The slightest possibility of a tumble in the dollar would have caused a problem for financial markets' back then, said Allen Sinai, chief global economist for Lehman Brothers.

But times have changed, and the American stock and bond markets have

not only withstood the downward pressure on the dollar, but flourished, to the amazement of some analysts.

"I don't understand how two-year Treasury notes can possibly be yielding 6.87 percent with the dollar collapsing," said David Buchen, a managing director at Citibank who is in charge of the bank's foreign exchange operations. "And I don't understand why, if people like marks so much, that 10-year German bonds are yielding about 7.35 percent while 10-year Treasuries are yielding just about the same thing. Asset markets and currency markets have been delinked."

Since December, when the latest round of dollar selling began, bond yields have fallen and stocks have risen to new peaks. Meanwhile, markets in Germany and Japan, the big countries with the world's strongest currencies, have either languished or slumped.

Mr. Buchen and other analysts pin the dollar's recent slide on a number of developments.

"The currency markets didn't like Alan Greenspan suggesting last month that the Fed might be done raising rates," said David Hale, chief economist at Kemper Securities. "It doesn't like the deal the United States did to rescue Mexico. And political problems elsewhere in Europe have been pushing a lot of money into German marks."

But analysts argue that a number of factors seem likely to protect American markets from feeling the sting of the dollar's slide.

Most important, they say, is that the United States has become less dependent on one main source of foreign capital to finance its deficits. Over the last few years, Japan has been replaced by central banks from a range of newly industrialized countries, many of them Asian, whose currencies are linked to the dollar.

"In the 1980s, we needed the Japanese to finance the deficit; that is no longer

See DOLLAR, Page 13

## Thinking Ahead / Commentary

### Even Japan Needs Foreign Investment

By Reginald Dale  
International Herald Tribune

WASHINGTON — In the scramble to join the global economy, nearly every country, rich or poor, is vying for foreign investment — not Mexican-style hot money, but the type that builds offices and factories.

But one major player stands aloof. Japan is host to a smaller share of foreign direct investment than any other industrial country. For years virtually static, the foreign stake in Japan's economy is now only about one-tenth of that in the European Union or the United States.

This is not just of academic interest. Japan's persistently low foreign-investment ratio is one of the three main sources of friction with the country's huge trade surplus and below-par imports of manufactured goods.

The three are directly connected. If more foreign companies invested there, Japan's economy would rise as the companies' Japanese affiliates brought in goods and services from their home bases.

But investing in Japan is so difficult that many American companies prefer to license production to a Japanese company instead.

Everyone knows that doing business in Japan is ruinously expensive — and becomes more so every day that the yen appreciates. Japanese wages, office rents, and corporate and personal income taxes are extremely high.

But that is only the tip of the iceberg. Thomas F. Jordan, President of the American Chamber of Commerce in Japan, told a recent conference at the Wharton School of the University of Pennsylvania. Foreign companies' costs are driven up, he said, by massive tangles of red tape, the complexity of Japanese business practices, opaque forms of official "adminis-

trative guidance" and differences between Japan and the West in product standards, certification and testing.

It is tough for new entrants to penetrate a market where potential clients are already committed to long-term business partners, where "lifetime employment" makes it difficult to poach personnel and where extensive cross-shareholdings hinder mergers and acquisitions.

What is more, said Masaru Yoshitomi, an executive professor at Wharton, while Western companies aim to maximize short-term profits, the Japanese place higher priority on market share and sales expansion.

Western companies "can only hope to emerge victorious from competition with such Japanese rivals by investing considerable time and by being patient, that is by accepting an extra cost," Mr. Yoshi-

tomi wrote in the journal of Japan's Keizai Kyoiku Center.

Strangely enough, however, the Westerners are finding allies in an unlikely place — the very Japanese companies whose business practices make life so difficult for them.

Japanese companies are now themselves finding it so expensive and difficult to operate in Japan that they, too, are campaigning for cheaper business conditions, less red tape and lower corporate taxes.

Shoichiro Toyoda, chairman of Keidanren, Japan's leading business organization, bemoaned the fact that Japanese companies have reduced their investments in Japan while raising spending in other countries. "At this rate, Japan may soon be deindustrialized," he said.

His concerns over deindustrialization probably are exaggerated. All the older industrial countries are moving from manufacturing to service economies. But the fact remains that Japanese business is now pressing for drastic deregulation to help domestic and foreign companies in Japan.

Nevertheless, a long-awaited government deregulation plan due later this month is likely to be disappointing. Some Western companies are concluding that it may be easier simply to bypass Japan and head for other, easier Asian markets.

But the West should not give up on the world's second-largest economy — especially when it is becoming increasingly recognized that more foreign investment would be as good for Japan, as it is for everyone else.

## Daimler and Samsung Weigh Jet Project

Compiled by Our Staff From Dispatches

MUNICH — Daimler-Benz Aerospace AG and Samsung Aerospace Industries Ltd. are considering joint development of a commercial jet with 100 to 120 seats, the German company announced Monday.

Daimler-Benz Aerospace said Fokker NV, its 49 percent-owned subsidiary, had also signed the agreement to see whether demand was high enough to warrant the investment. Fokker said in January it was holding talks with companies in several Asian countries about building new air-

craft to replace its F-70 and F-100 models, which seat about 79 and 100 people, respectively, in the next decade.

Deutsche Aerospace said Samsung had signed the agreement in its role as the lead company in the Korean Commercial Aircraft Development Consortium, which also includes units of Daewoo Corp., Hyundai Corp. and Korean Air.

In the meantime, until Daimler-Benz Aerospace actually accepts orders, it will not be committed to investing capital to develop or build the plane, it said.

Deutsche Aerospace, Fokker and Samsung planned to launch the jet "in the period after the year 2000," the German company said.

The announcement comes as Western planemakers, including Boeing Co. and British Aerospace PLC, are rushing to attract Asian partners in the development and production of new jets.

The category of jets with 100 to 120 seats is in demand. Boeing is already seeking to team up with Japanese companies to develop a new jet in that category. (Bloomberg, APX)

## Striking German Metalworkers Resume Talks

Agence France-Press

MUNICH — Employers in the Bavarian metalworking industry resumed talks with IG Metall union officials Monday in an effort to settle the 10-day-old strike that has paralyzed 30 companies.

On Friday, employers promised to come up with a concrete wage-increase proposal when talks resumed.

The IG Metall union is demanding better working conditions and a 6 percent salary increase for the 3.6 million workers in West-

ern Germany's metalworking industry. Employers have stressed the need for greater flexibility in working conditions.

Spokesmen for both sides said the talks on Monday were expected to clarify positions and determine conditions for a possible settlement. Negotiators were expected to report to their respective camps in late afternoon and to resume discussions in the evening.

The union has called a meeting of one of its key committees for Tuesday afternoon

in Ismaning, near Munich, to assess the status of negotiations.

Werner Neugebauer, head of IG Metall's Bavarian unit, said Monday he anticipated tough talks with the employers. "If they are not ready to take a decisive step forward now, an extension of the strike is inevitable."

Employers have threatened to designate some companies for lockouts if no compromise is reached with the union by Wednesday.

## Marriott Buying Into Ritz

Bloomberg Business News

BETHESDA, Maryland — Marriott International Inc., in a bid to expand into the luxury-lodging business, said Monday that it had agreed to acquire about 49 percent of Ritz-Carlton Hotel Co. Financial details of the transaction were not provided. Marriott will have an option to acquire the remaining 51 percent within a few years. Ritz-Carlton is controlled by developer William B. Johnson, who bought the rights to the Ritz-Carlton name in 1983.

Marriott said it expected to reduce costs at the Ritz-Carlton chain by connecting it to its own reservation systems, marketing efforts and purchasing programs.

Marriott will not own any of the 34 properties run by Ritz-Carlton. It will manage the existing hotels and attempt to expand the chain by seeking additional contracts with other properties.

**NOTICE TO THE SHAREHOLDERS OF DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL EQUITY FUND**  
20, Boulevard Emmanuel-Servais, L-2535 Luxembourg  
R.C. B 28616

Notice is hereby given that the Annual General Meeting of the shareholders of DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL EQUITY FUND will be held at the registered office of the company on March 15th, 1995 at 12:00 noon.

### AGENDA

1. Approval of the report of the Board of Directors and the report of the Auditors;
2. Approval of the financial statements for the year ending 31 December 1994;
3. Allocation of the net result;
4. Retirement of the outgoing Directors and the Auditor from their duties for the year ending 31 December 1994;
5. Re-election of the Directors and the Auditors of the Company:
  - Re-election of the Directors;
  - Ratification of the co-optation of Mr. Yoshiaki Kawakami as Director in place of Mr. Max Brühakker;
  - Review of new candidates for Directorship proposed by the Board of Directors;
  - Re-election of the Auditor;
6. Any other business.

Resolutions on the above-mentioned agenda will require no quorum and the resolutions will be passed by a simple majority of the shares present or represented at the meeting.

A shareholder may act at any meeting by proxy.

On behalf of the Company,  
BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.  
Securite de Luxembourg  
20, Boulevard Emmanuel-Servais,  
L-2535 LUXEMBOURG

## CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	FF	Yen	Sw	Sc	DK	Nor
Amsterdam	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Berlin	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
London	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Paris	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Stockholm	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Switzerland	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Sweden	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Denmark	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Norway	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Other Dollar Values									
Australia	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Canada	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
France	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Germany	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Italy	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Japan	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Spain	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Switzerland	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Sweden	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Denmark	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Norway	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Other Dollar Values									
Australia	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Canada	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
France	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Germany	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Italy	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Japan	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Spain	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Switzerland	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Sweden	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Denmark	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Norway	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Other Dollar Values									
Australia	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Canada	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
France	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Germany	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Italy	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Japan	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Spain	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36
Switzerland	1.64	0.63	2.33	1.36	162.5	1.36	1.36	1.36	1.36



## MARKET DIARY

Blue Chips Rebound  
Despite Sagging Dollar

**Bloomberg Business News**  
NEW YORK — U.S. stocks closed mixed on Monday as Walt Disney, technology and oil issues rallied, offsetting a slump in bank and utility stocks caused by a falling dollar and rising Treasury bond yields.

## U.S. Stocks

Falling stocks swamped advancing issues by almost eight to three. Even so, stocks managed to overcome record lows in the dollar, a drop in Treasury bonds and continued poor economic news from Mexico.

After tumbling as much as 33.89 points, the Dow Jones industrial average rose 7.95 points, to 3,997.56, adding to Friday's gain of 9.68 points.

The benchmark 30-year Treasury bond's yield rose to 7.59 percent from 7.54 percent.

Disney, which surged 2 1/2 percent, added 5.9 points to the Dow advance. Philip Morris climbed 1 1/2 percent and IBM jumped 1 1/2 percent, its highest since September 1992 and up 9 percent since last Tuesday.

Among broad-market indexes, the Standard & Poor's 500 edged up 0.21, to 485.63. Stocks

got a late boost from a round of computer-guided orders to buy stocks that began late in the session and added 11 points to the Dow and 1.1 points to the S&P 500, according to Birtney Associates Inc.

Part of the explanation for the rebound can be found in the large losses U.S. investors have suffered in Latin American and Asian markets in the past few months, said Thom Brown, managing director at Rutherford, Brown & Catherwood. "There are a lot of people deserting these foreign markets and putting their money back into this market, and when they do they're looking for anything that will grow its earnings and has reasonable quality," Mr. Brown said.

The Nasdaq over-the-counter index dropped 1.02, to 797.77, after initially falling as much as 7.09. Its recovery was buoyed by reports that have surfaced of a shortage of computer memory chips needed for applications, Hewlett added 1 1/2 percent, Micron Technology Inc. surged 1 1/2 percent, Texas Instruments leapt 2 to 8 1/2 percent and Advanced Micro Devices surged 2 1/2 percent to 34 1/2 percent.

European Tensions  
Depress French Franc

**Compiled by Our Staff From Dispatches**  
PARIS — The linchpin of Europe's plans for a single currency buckled Monday as the French franc, under strain from currency tensions caused by devaluations in Spain and Portugal, hit an all-time low against the Deutsche mark.

The devaluations of the Spanish peseta and the Portuguese escudo within the European cur-

rency grid prompted the mark to rise to a record 3,551 francs, although by the end of trading the mark slipped back to 3,547 francs, still above its Friday close of 3,518 francs.

The franc's previous nadir against the mark was 3,500, touched in October 1993.

## Foreign Exchange

Some traders said that the devaluations spelled trouble for European plans for monetary union, which revolve around an eventual merger of the mark — and its Dutch, Austrian and Belgian satellites — with the franc.

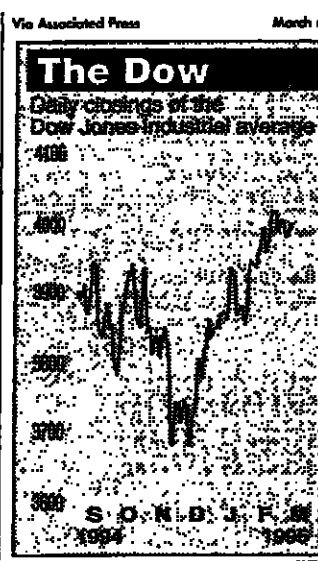
Plans for a single currency have been at the heart of French economic and European policy for a decade and a serious delay in reaping the rewards of years of austerity in finally joining the franc to the mighty mark would be a huge upset for Paris, analysts added.

A French official played down the devaluations, arguing that they were a necessary safety valve for two economies struggling to lower inflation to the level of their neighbors. France was confident that its strong fundamentals would support the franc, the official said.

The Bank of France remained cool Monday, holding its key interest rate unchanged, although floating money-market rates rose under the pressure of the falling franc.

The franc has lost 2 percent of its value against the mark within the past month as funds have flowed out of the ailing U.S. dollar into the German currency.

(Reuters, Bloomberg, Knight-Ridder)



**NYSE Most Actives**

Symbol	Vol.	High	Low	Close	Change
IBM	1,011,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	800,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	700,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	600,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	500,000	124 1/4	123 1/4	123 3/4	+1 1/4

**NASDAQ Most Actives**

Symbol	Vol.	High	Low	Close	Change
IBM	1,011,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	800,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	700,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	600,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	500,000	124 1/4	123 1/4	123 3/4	+1 1/4

**AMEX Most Actives**

Symbol	Vol.	High	Low	Close	Change
IBM	1,011,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	800,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	700,000	124 1/4	123 1/4	123 3/4	+1 1/4
DIS	600,000	56 1/4	55 1/4	56 1/4	+1 1/4
IBM	500,000	124 1/4	123 1/4	123 3/4	+1 1/4

## Market Sales

NYSE: 2,018,000  
NASDAQ: 1,011,000  
AMEX: 1,011,000

**Dow Jones Averages**

Index	Open	High	Low	Last	Chg.
Industrial	3997.56	3997.56	3997.56	3997.56	+7.95
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Standard & Poor's Indexes**

Index	Open	High	Low	Last	Chg.
Industrial	485.63	485.63	485.63	485.63	+0.21
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**NYSE Indexes**

Index	Open	High	Low	Last	Chg.
Composite	2,018,000	2,018,000	2,018,000	2,018,000	+0.21
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**NASDAQ Indexes**

Index	Open	High	Low	Last	Chg.
Composite	1,011,000	1,011,000	1,011,000	1,011,000	+0.21
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**AMEX Stock Index**

Index	Open	High	Low	Last	Chg.
Composite	1,011,000	1,011,000	1,011,000	1,011,000	+0.21
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Dow Jones Bond Averages**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**NYSE Diary**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**AMEX Diary**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**NASDAQ Diary**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

## Spot Commodities

Commodity Index: 1,011,000  
Transport: 118.40  
Composite: 1328.40

**EUROPEAN FUTURES**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Metals**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Financial**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Stock Indexes**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Dividends**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**REGULAR**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**CORRECTION**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**INITIAL**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**REGULAR**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

## Industrials

Commodity Index: 1,011,000  
Transport: 118.40  
Composite: 1328.40

**Metals**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Financial**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Stock Indexes**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**Dividends**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**REGULAR**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**CORRECTION**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

**INITIAL**

Index	Open	High	Low	Last	Chg.
Industrial	118.40	118.40	118.40	118.40	+0.10
Transport	118.40	118.40	118.40	118.40	+0.10
Composite	1328.40	1328.40	1328.40	1328.40	+0.21

not reported by this company.				
INITIAL				
Barrington Supc	-	.07	3-7	3-2
ICN Pharm n	-	.315	3-17	3-3
REGULAR				
Angene Am Shio	f	.50	3-17	4-
Conner Gen Stores	Q	.82	5-3	4-











## ASIA/PACIFIC

## Nissan Plans New Job Cuts To Stem Losses

By Andrew Pollack  
New York Times Service

TOKYO — Nissan Motor Co. will accelerate its efforts to reduce its work force and cut costs in the face of huge losses. The company's plans reflect a sense of crisis at Japan's second-largest automaker, which has lagged rivals in benefiting from the upturn in Japan's car sales that began in the middle of last year.

The Nihon Keizai Shimbun, the financial newspaper, reported on Monday that Nissan was planning to cut 6,000 to 7,000 people from its Japanese work force by March 1998. The work

force now numbers 49,000. The cuts would be made by sharply reducing hiring, transferring people to affiliates and other measures short of layoffs.

The company also plans to ask its parts suppliers to cut prices by 30 percent in the next three years. Overall, Nissan plans to cut costs by 10 percent, the newspaper reported.

Miho Kanno, a spokeswoman for Nissan, would not confirm the numbers in the article. But she said, "We are accelerating our restructuring plan."

In February 1993, Nissan announced a plan calling for a reduction of 5,000 Japanese workers, to a level of 48,000, by March 1996. It also shocked Japan by saying it would close a factory in Zama, southwest of Tokyo, the first factory closing by an auto company in Japan.

But those measures have not been nearly enough and the company continues to suffer huge losses. It expects to report a net loss of 65 billion yen (\$653 million) for the parent company in the financial year that ends this month. On a consolidated basis, analysts expect a loss of about 140 billion yen out from about 87 billion yen last year.

"I think they are in pretty bad shape," said Benjamin Moyer, auto analyst in the Tokyo office of Merrill Lynch & Co. "The big point is that they've got to get their costs down. They've got to get enough profit to stabilize the balance sheet before a downturn begins."

Mr. Moyer said Nissan's balance sheet was the weakest among the five big Japanese auto companies. However, he said he saw no threat to the company's survival, because Nissan still owned a lot of stock in other companies and other assets it could sell.

Nissan's sales in Japan fell 7.6 percent, last year, to 1.10 million units, while total vehicle sales rose 0.9 percent. In the past few months, however, Nissan has introduced some new cars that have done well, and in February its sales rose more than 14 percent from the corresponding month a year earlier.

The commission has accused the companies of setting bid prices among themselves for orders in 1993 from the Japan Sewerage Works Agency, a special body of the Construction Ministry. (Reuters, AFP)

## Following the Footsteps of Barings

### In China, a Bad Futures Bet Shuts Down the Market

By Seth Faison  
New York Times Service

SHANGHAI — China's emerging securities markets are mired in their biggest financial scandal since the Communists reopened a stock market in Shanghai in 1990, weakening the markets at a time when the country badly needs them to raise capital.

In a trading disaster that bears some eerie similarities to the collapse of Barings PLC, China's biggest and most prestigious securities firm made a huge gamble in the bond market late last month and lost. It pushed the firm, Shanghai International Securities, to the brink of bankruptcy in a single day.

But traders at Shanghai International apparently took its misadventure one step further and tried to manipulate the market by orchestrating a mass of sell-orders 10 minutes before closing on Feb. 23. That led the authorities to suspend all trading last week in bond futures, the only lively market in China in recent months, while they investigate Shanghai International's actions.

The clampdown has drawn attention to how fragile the Chinese markets are, surviving under a government that is still uncomfortable with letting a market decide who makes money. It has also pointed to how weak supervision is, with several securities firms flagrantly violating trading limits and the Shanghai Stock Exchange unable to do anything about it.

For Western companies, several of which have discussed joint-venture possibilities with Shanghai International, the whole affair is a sharp reminder of the uncertainty of doing business in China.

Like Barings, Shanghai International bet on a large number of futures contracts, expecting prices of bond futures to fall. When they rose sharply instead, the firm, with just \$120 million in registered capital, was hit with losses that outsiders estimated at \$80 million to \$150 million.

To make matters more complicated, Shanghai International — which likes to compare itself not with Barings but with Merrill Lynch & Co. — is accusing another firm of profiting by using inside information to trade on large accounts.

The bond market crisis has followed a familiar pattern in China's financial markets: a new avenue for raising capital is created, initial indifference gives way to active trading and eventually to a frenzy of speculation, and finally the authorities intervene with strong measures that stop excesses as well as any active trading.

"The central government is afraid of crisis," said Yan Yunlong, deputy gen-

eral manager at Guotai Securities, a competitor of Shanghai International. "They'd rather see a far smaller trading volume than a crisis. We think stricter management is needed, but we're concerned that they may be overreacting."

Mr. Yan and others said they expected the bond-futures market to reopen within weeks, but with a tough new set of regulations, including a margin requirement of 10 percent instead of the current range of 1 percent to 2.5 percent. That is likely to limit enthusiasm among the 250 institutions and the few thousand individuals with enough cash to trade bond futures.

Many of those individuals are now upset. One of them is Zhang Yanfa, who

**'They'll close the market to protect a big company, but they never think about us.'**

Zhang Yanfa, an individual investor in Shanghai.

goes to Guotai Securities each day to sit in a secluded room with a half-dozen sofas and computer screens where he and 10 other *da fu*, or big customers, monitor the stock and bond markets while sipping tea, gossiping and giving buy- or sell-orders to a woman who sits by a phone.

Mr. Zhang, a former banker, is angry that trading in his favorite holdings, bond futures, has skyrocketed in value last month, has been halted. "It's completely unfair," he said, his voice rising with indignation. "They'll close the market to protect a big company, but they never think about us."

His disgruntlement bodes ill for the government's efforts to spread the market gospel among the masses to help finance the country's enormous economic growth. China relies heavily on government bonds to finance its deficits and try to control inflation, which hit 24 percent in 1994.

The bond market in Shanghai came alive only in October, when the government started adding a premium to interest rates on bonds to make them attractive. The premium was linked to inflation, and speculation over the size of the premium fueled futures trading.

Daily volume surged from \$1 billion a year ago to \$6 billion in January. Then on Feb. 23, when a newspaper reported that a new premium would be higher than expected, trading exploded to \$102 billion, more than four times the previous high.

That is when Shanghai International made its ill-fated bet that prices would fall. Instead, they rose, sharply and relentlessly. But in the final minutes of trading, they suddenly dropped like a stone, when a blizzard of sell-orders hit the market.

Brokers monitoring the trades electronically could see that they came overwhelmingly from Shanghai International, apparently trying to obliterate its steep losses by driving the price down.

The following morning, the stock exchange canceled the final eight minutes of trades, worth about \$37 billion. On Feb. 27, it formally suspended futures trading and on Tuesday it instructed anyone with a remaining contract to settle it privately or be forced to accept a price ordered by the exchange.

David Wei, an executive at Shanghai International, conceded that "some traders" may have violated exchange rules by knowingly exceeding the number of futures contracts the firm was allowed to trade. He would not discuss estimated losses or the number of traders involved. The Shanghai Stock Exchange refused to answer any questions.

Mr. Wei described Shanghai International as a victim and took the highly unusual step of accusing another firm of insider trading. Because of its close ties to a ministry in Beijing, Mr. Wei said, the firm apparently had early information on a plan to raise the premium on bonds.

Zhong Ming, a senior executive at the accused firm, China Economic Trust & Investment Development Corp., responded: "Some company violated trading regulations. Why are they accusing us of breaking the rules?"

An executive at another firm said that China Economic was the biggest winner in the bond-futures frenzy, while Shanghai International was the biggest loser. Noting that every securities firm in China is government-owned, and essentially trading government money, the trader said that one firm was backed by Beijing's Ministry of Finance, while the other was supported by the Shanghai municipal government.

Huan Guocang, chief economist at J. P. Morgan Asia, said that one reason the Shanghai market was highly speculative was that the securities houses did not risk their own money.

"Whatever they make, they keep," Huan said. "Whatever they lose, the government takes care of."

That is not true for individual investors like Mr. Zhang, who trades for his own account. But will he stop playing the domestic markets? "No," he said, shaking his head. "I have no other choices. I'll just wait until a market in Shanghai gets interesting again."

### Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Strait Times	Nikkei 225
1990	1990	1990
1991	1991	1991
1992	1992	1992
1993	1993	1993
1994	1994	1994
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2021	2021	2021
2022	2022	2022
2023	2023	2023
2024	2024	2024
2025	2025	2025
2026	2026	2026
2027	2027	2027
2028	2028	2028
2029	2029	2029
2030	2030	2030

Sources: Reuters, AFP International Herald Tribune

### Very briefly:

- Japan saw sales of imported motor vehicles in February rise 63.4 percent from a year earlier, to 29,111 units, marking 16 straight monthly gains, the Japan Automobile Importers Association said.
- Fujitsu Ltd. plans to launch a global computer animation service with CompuServe Information Service Inc. of the United States.
- Software Publishers Association, a U.S.-based trade group, said software piracy in the Asia-Pacific region cost the industry \$2 billion in 1994, down from \$2.7 billion in 1993.
- Taiwan's consumer price index rose 3.43 percent in February from the year-ago period, and the country's import price index jumped 12.68 percent from a year earlier. Wholesale prices rose 8.07 percent in the month.
- Vietnam hooked up Monday to a financial communications and settlement system, enabling banks to speed up transactions with thousands of other institutions around the world.
- The Philippines cut import duties on cement to 3 percent from 10 percent.
- Industrias Matalurgicas Pescarmona SA of Argentina said it would invest \$620 million in the Philippine energy sector over the next six years.
- Daewoo Corp. of South Korea and Steyr Co. of Austria have formed a consortium that has acquired a controlling stake in the biggest truck maker in the Czech Republic, Avis Co.
- Berjaya Group Bhd. filed suit against CS First Boston (Singapore) Ltd., CS First Boston (Hong Kong) and Credit Suisse Financial Products to nullify what is said was an unauthorized swap deal that had brought it losses of \$14 million.
- Reebok International Ltd. will form a joint venture with Phoenix Overseas India Co. to open up to 60 retail sports stores across India.
- Bangkok Bank Ltd.'s certificates of deposit have been given a long-term A rating and a short-term A-2 rating by Standard & Poor's Corp.

Reuters, AFP, Bloomberg



## Some day they will demand answers.

Responsible Care — this is not just another buzzword to us. It is a matter of conviction. Because we know that what is at stake is our future and that of our planet.

That is why we support and encourage a sense of responsibility for the environment and safety, health and well-being on the part of each and every one at Degussa. In research and

development as well as in production, sales and service.

We are continuously improving on measures to further conserve natural resources and reduce emissions. Lessons learned in recycling and waste management guide us in developing new and better products and processes.

Our social responsibility extends far beyond the gates

of our plants. And we assume it without reserve. So that today and in the future a query does not turn into a jury.

For Degussa, it all began with gold and silver. Today we shine in many more fields.

DOWN TO EARTH SOLUTIONS

**Degussa**











## SPORTS

# For Little Maryland School, A Big First: NCAA Tourney

Jim Phelan is 65 years old and has been the basketball coach at Mount St. Mary's in Maryland, since he was 25. He's second only to Dean Smith among active coaches, with 737 victories.

But in 10 days, Phelan will take Mount St. Mary's to the NCAA tournament for the first time. The school joined Division I in 1988-89.

"I played in the NIT and I coached as an assistant in the NCAA with La Salle," Phelan said. "I've been there before, but I'm thankful to be taking my own team. This was one of the things we really wanted."

"I'm not too old to dance," Mount St. Mary's earned the trip on Sunday with a 69-62 victory over Rider in the title game of the Northeast Conference tournament. Silas Cheung scored all 19 of his points in the second half as Mount St. Mary's rallied to win.

No. 1 UCLA 91, Louisville 73: Ed O'Bannon scored 25 points and Tyus Edney 20 as visiting UCLA dominated the game in turning back Louisville for its 11th straight victory.

UCLA held a 40-22 advantage in rebounds and scored numerous baskets on putbacks and dunks. Toby Bailey had 11

rebounds to lead the Bruins' inside game, which scored 25 second-chance points.

UCLA outscored Louisville by 18-4 in the final 2-29.

No. 3 Kansas 78, No. 18 Oklahoma St. 62: Jacques Vaughn and Billy Thomas led Kansas to its 42nd Big Eight Conference title with a second-half charge as the visiting Cowboys' star center, Bryant

Reeves, went scoreless for the first time in his career.

In only the second title-deciding regular season finale the Big Eight has seen in 50 years, Kansas overcame a 45-point performance by Randy Rutherford, who set the Big Eight career record for 3-pointers.

It's the fourth conference title in five years for Kansas.

No. 13 Virginia 92, No. 6 Maryland 67: The host Cavaliers' victory left four teams tied for first place for the first time in the Atlantic Coast Conference's 41 years.

Wake Forest, North Carolina, Maryland and Virginia all finished the regular season with 12-4 records. Because of tiebreakers, Wake Forest will be the top-seeded team in the ACC

tournament that starts Thursday night, with North Carolina seeded second, followed by Maryland and Virginia.

Virginia won for the ninth time in 10 games as Junior Burroughs scored 24 points. Joe Smith led the Terrapins with 25 points, but they had a four-game winning streak snapped.

No. 8 UMass 79, Duquesne 53: Massachusetts moved to the Atlantic 10 tournament final in Philadelphia as Lou Roe scored 20 points and Derek Kellogg 16.

No. 10 Michigan St. 67, Indiana 61: Shawn Respert scored 24 points, four on free throws in the last 30 seconds, as the host Spartans tied with Purdue for first place in the Big Ten.

St. John's 86, No. 23 Georgetown 77: Freshman center Zandon Hamilton scored 21 points, 14 in the second half, as St. John's rallied in New York and likely clinched an NIT berth with its fifth victory in seven games.

Allen Iverson, another freshman, had 23 points for the Hoyas, who had won four in a row.

No. 24 Iowa State 79, Nebraska 77: Julius Michalik's 14-foot baseline shot with four seconds left gave Iowa State its victory at Nebraska.



**AGING WELL** — A.C. Green, playing his 708th straight NBA game, got a rebound away from the Warriors' Donnell Marshall as the Suns won, 122-112, with Charles Barkley contributing 31 points and 11 rebounds. David Robinson also got 31 points and 11 rebounds, and blocked three shots, as he and the Spurs continued beating the league's other top centers. The Rockets' Hakeem Olajuwon had 25 points, 6 rebounds and 2 blocks but lost, 124-103.

## Flyers Defeat Penguins, 6-2

Just when they thought they had it going, the New York Rangers were stopped by the Washington Capitals. And now the Pittsburgh Penguins are being in the wrong direction.

"Lately, we've been behind every game," Pittsburgh's coach, Ed Johnston, said after Sunday night's 6-2 loss in Philadelphia.

After a franchise-best 12-0-1 start, the Penguins are 3-5-1. They gave up four power-play goals to the Flyers, with Eric

### NHL HIGHLIGHTS

Lindros scoring the tiebreaker in a four-goal third period. The Flyers also blanked the NHL's top scorer, Jaromir Jagr.

The Rangers, meanwhile, had a 3-0-1 unbeaten streak stopped by a 4-2 loss to Washington. Dale Hunter broke a 2-2 tie early in the third period and added two assists as the Capitals beat the visiting Rangers.

Sabres 4, Canadiens 1: In Buffalo, Donald Audette scored two goals and Dominik Hasek stopped 23 shots as the Sabres handed the Canadiens their fifth straight loss.

Hasek, making his 12th straight start in goal, lost his shutout with 1:24 remaining when Patrice Brisebois's wrist shot from the point bounced off defenseman Mark Astley.

## SIDELINES

### Christie Backs Out of Championships

MONTE CARLO (AP) — World and Olympic 100-meter champion Linford Christie has withdrawn from this week's World Indoor Championships in Barcelona, the IAAF said Monday.

"Linford is extremely tired and does not feel he can work up the adrenaline for the three rounds of the event required on the same day," a British Athletic Federation spokesman said.

The IAAF's spokesman, Christopher Winner, called the last-minute withdrawal "galling. I do not know what is happening here. I do not know why these games are being played."

### Sounness Denies Transfer Allegations

LONDON (Combined Dispatches) — Graeme Sounness, the former Liverpool manager, was asked to answer allegations that \$480,000 is missing from the 1992 transfer deal in which he and the Danish international Torben Piechik was involved. Premier League officials said Monday.

The transfer was brokered by Rime Hauge, the Norwegian agent whose dealings led to the sacking of Arsenal's manager, George Graham, last month.

"These allegations are completely untrue," Sounness said in a statement released through his lawyers. (Reuters, AP)

### For the Record

Nicole Bobek, 17, the U.S. champion, and Irina Slutskaya, 16, the Russian who is the world junior champion, won their qualifying groups at the World Figure Skating Championships in Birmingham, England.

Pernell Whitaker said he would give up the WBA junior middleweight title he won from Julio Cesar Vazquez and drop back down to the welterweight class to make a mandatory defense against Gary Jacobs of Scotland, probably in July. (AP)

Wade Dooley, English rugby union's most capped second row forward, will be charged with drunk-driving after an accident in which a teenage girl's skull was fractured, police said. (Reuters)

Nantes ran its unbeaten streak to a French soccer record 28 matches — 17 victories and 11 draws — with its 2-1 defeat Sunday of visiting Nice. (AP)

And de Moos, the Dutch coach who led FC Mechelen to the European Cup Winners' Cup title in 1983, will take over Wender Bremen next season, the German club said. (AP)

## In Baseball, More Balking

By Mark Maske

Washington Post Service

SCOTTSDALE, Arizona — With major league baseball's labor talks broken down again, the head of the players' union, Donald Fehr, and the Colorado Rockies' Jerry McMorris, the owners' latest lead negotiator, have left town and both sides in the bitter dispute conceded that replacement players, not the striking major leaguers, likely will be on the field on opening day this season.

Nearly seven months into the longest strike in sports history, Fehr said Sunday, "We're back close to square one."

McMorris said he didn't see meaningful negotiations resuming before Friday, the day after the owners complete three days of meetings in Florida.

The next move could come from the National Labor Relations Board, which plans to announce, perhaps this week, whether it will issue a complaint against the owners on the most recent unfair labor practices charges filed by the players. If it does, and obtains an injunction from a U.S. district court restoring the sport's old economic system, the union would end the strike even without an agreement, Fehr said.

But an end to the strike under those circumstances could result in a lockout by the owners.

## SCOREBOARD

### NBA Standings

#### EASTERN CONFERENCE

##### Atlantic Division

Team	W	L	Pct	GB
Orlando	45	14	.763	—
New York	37	19	.661	4 1/2
Phoenix	34	20	.629	7
New Jersey	34	20	.629	7
Miami	22	38	.364	22
Philadelphia	17	41	.293	27 1/2
Washington	13	42	.239	33

##### Central Division

Team	W	L	Pct	GB
Charlotte	37	22	.625	—
Indiana	35	24	.594	2
Cleveland	33	24	.579	3
Chicago	29	29	.498	8
San Antonio	24	30	.444	13
Detroit	22	35	.386	18
Milwaukee	22	37	.370	19

##### Western Conference

##### Midwest Division

Team	W	L	Pct	GB
Utah	42	14	.750	—
San Antonio	39	16	.709	1 1/2
Minnesota	38	20	.657	3
Denver	36	21	.630	5 1/2
Dallas	22	33	.400	18 1/2
Memphis	21	36	.362	21 1/2

##### Pacific Division

Team	W	L	Pct	GB
Phoenix	45	14	.763	—
Sacramento	38	17	.688	—
Portland	35	20	.636	3
Sacramento	30	25	.545	8
Golden State	24	30	.444	13
L.A. Clippers	11	48	.186	34

### Top 25 College Results

#### How the top 25 teams in The Associated Press' men's college basketball poll fared Sunday:

Rank	Team	Opponent	Score
1	UCLA	at Louisville (14-13)	91-62
2	Kansas	vs. Oklahoma St.	78-62
3	Virginia	vs. Maryland	92-67
4	Michigan St.	vs. Indiana	67-61
5	St. John's	vs. Georgetown	86-77
6	Wake Forest	vs. North Carolina	79-77
7	Iowa State	vs. Nebraska	79-77
8	UMass	vs. Duquesne	79-53
9	Massachusetts	vs. Philadelphia	79-53
10	Nebraska	vs. Iowa State	77-79
11	Indiana	vs. Michigan St.	61-67
12	North Carolina	vs. Wake Forest	77-79
13	Georgetown	vs. St. John's	77-86
14	Oklahoma St.	vs. Kansas	62-78
15	Marquette	vs. Georgetown	77-79
16	Seton Hall	vs. Georgetown	77-79
17	DePaul	vs. Georgetown	77-79
18	St. Louis	vs. Georgetown	77-79
19	Creighton	vs. Georgetown	77-79
20	Illinois	vs. Georgetown	77-79
21	Marquette	vs. Georgetown	77-79
22	Seton Hall	vs. Georgetown	77-79
23	DePaul	vs. Georgetown	77-79
24	St. Louis	vs. Georgetown	77-79
25	Creighton	vs. Georgetown	77-79

### Other Major College Scores

#### SOUTH

Florida 69, Vanderbilt 51

#### MIDWEST

Iowa 80, Michigan 77

#### TENNESSEE

Alabama 77, Tennessee 70

#### ATLANTIC

Georgia Tech 77, Clemson 70

#### WESTERN

Utah 77, Arizona 70

#### PACIFIC

Stanford 77, Washington 70

#### MAJOR COLLEGE FOOTBALL

Alabama 24, Tennessee 21

Georgia Tech 24, Clemson 21

Florida 24, Vanderbilt 21

Iowa 24, Michigan 21

Nebraska 24, Iowa State 21

Massachusetts 24, Philadelphia 21

Wake Forest 24, North Carolina 21

St. John's 24, Georgetown 21

Michigan St. 24, Indiana 21

UCLA 24, Louisville 21

Kansas 24, Oklahoma St. 21

Virginia 24, Maryland 21

Georgia Tech 24, Clemson 21

Florida 24, Vanderbilt 21

Iowa 24, Michigan 21

Nebraska 24, Iowa State 21

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Massachusetts 24, Philadelphia 21

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St. John's 24, Georgetown 21

Michigan St. 24, Indiana 21

UCLA 24, Louisville 21

Kansas 24, Oklahoma St. 21

Virginia 24, Maryland 21

### Big South Conference

Charleston Southern 68, N.C. Greensboro 67

### Midwest Conference

James Madison 71, Richmond 67

### Old Dominion

Old Dominion 77, American U. 67, OT

### Midwest Conference

James Madison 71, Richmond 67

### Old Dominion

Old Dominion 77, American U. 67, OT

### Midwest Conference

James Madison 71, Richmond 67

### Old Dominion

Old Dominion 77, American U. 67, OT

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James Madison 71, Richmond 67

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James Madison 71, Richmond 67

### Old Dominion

Old Dominion 77, American U. 67, OT

### Midwest Conference

James Madison 71, Richmond 67

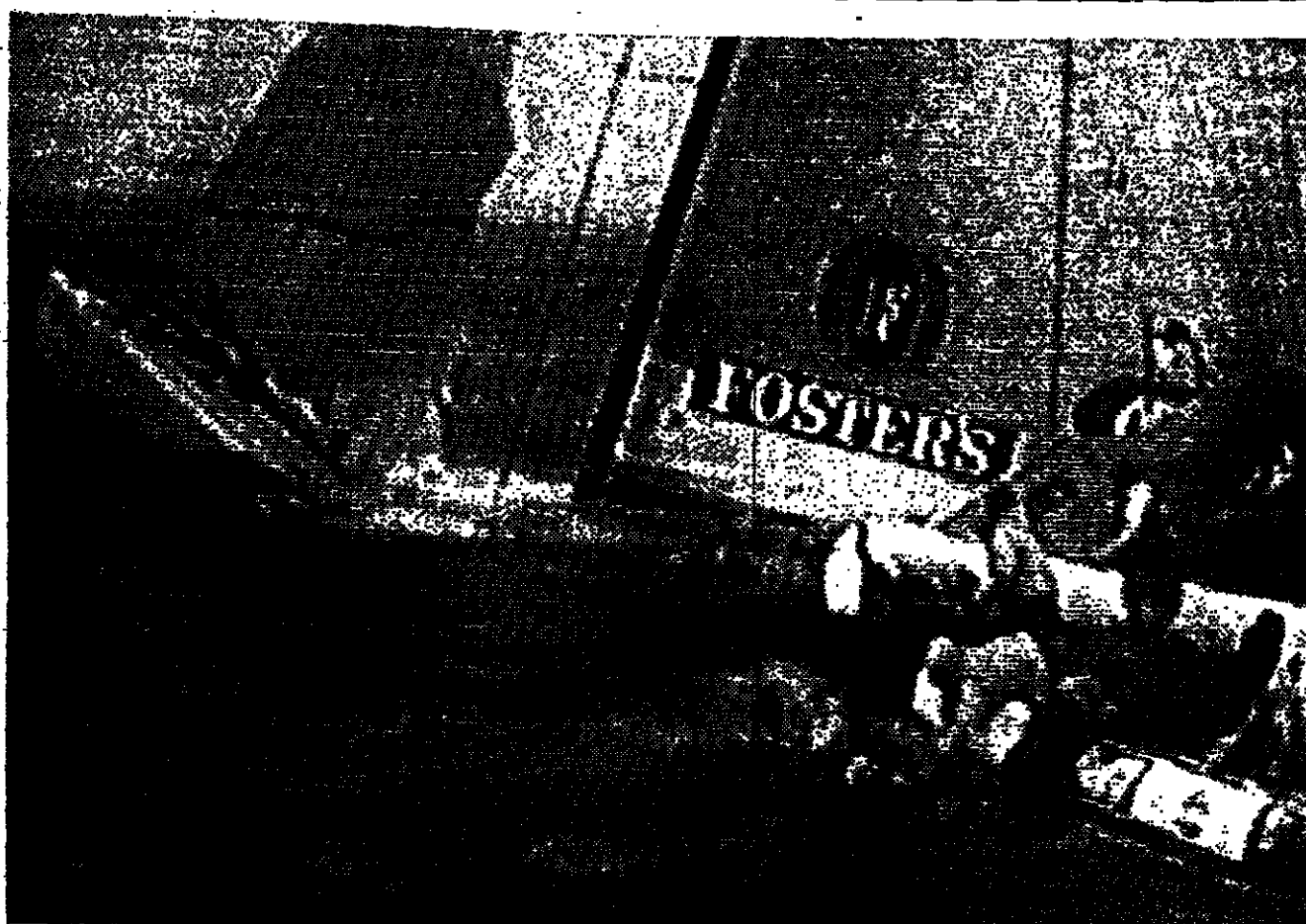
### Old Dominion

Old Dominion 77, American U. 67, OT

### Midwest Conference

James Madison 71, Richmond 67





In this photo, taken from television, oneAustralia goes down off San Diego as the first of its crewmen are being rescued.

## 'Loud Crack' and Yacht Breaks Up

### Seaworthiness of Lightweight, High-Tech Boats Questioned

By Barbara Lloyd  
New York Times Service

SAN DIEGO — In the 144 years of America's Cup yacht racing, through all the international disputes on shore and outboard competition on the water, calamity had never struck with this much drama.

Halfway into Sunday's 18.5-mile (30-kilometer) race, being sailed two miles out in the Pacific Ocean, the 75-foot (23-meter) yacht oneAustralia broke apart and sank within two minutes.

Its 17 crewmen, dressed in rain jackets and pants, had only enough time to pull off their rubber boots before they dove into the gray, rolling seas. As is customary in big-boat yacht racing, they were not wearing life vests and, this time, they did not have time to don them.

With oneAustralia trailing Team New Zealand on the windward third leg, its crew had just completed a tack onto starboard and was trimming the sails when the green hull, made

of carbon fiber, buckled about five feet aft of the mast.

"There was a lot of wind at the time, and it was raining," said the crew's skipper, John Bertrand, his hair still wet. "The seas were very difficult for this type of boat. I had my head down at the time, and there was a loud crack, almost like a cannon going off. The sailboat's rig started to fold the boat across the center like a sheet of cardboard. It was a sickening sound to hear the boat breaking up."

It was not clear what caused the collapse of the \$3 million yacht, built specifically for the 1995 America's Cup contest. It could have hit a submerged object, or even a whale. But the way it went down, buckled in the middle and folded in on itself, seemed to indicate that something structural had gone wrong.

The closest on-the-water incident in magnitude to Sunday's occurred on Feb. 20, when the training boat France 2 capsized as its 20-ton ballast bulb and keel broke free. The crew was

saved, as was the boat, which did not sink.

The accident on oneAustralia, as heart-stopping as it was, brought out the coolness in its crew. The boat's alternate skipper, Rod Davis, looked over at another crewman, a burly man named Iain Murray, and said, "Big Fellow, we're going to sink." Murray responded, "Yes, we're going to sink." And at that, the two began yanking off their boots.

The weather was likely to become an issue in the sinking, as was whether any of the eight America's Cup yachts sailing in four head-to-head races should have been out at all.

"It was the worst conditions I've seen out there," said Marcus Hutchinson, a race spokesman at the Louis Vuitton racing center, the headquarters for the seven foreign boats in the America's Cup. "The seas were very steep and close together. The wind was about 15 knots. We saw oneAustralia was bouncing like crazy in the rough seas."

The yacht sank in 500 feet of water, a depth that will make it difficult to raise the high-tech, carbon-fiber yacht, although Bertrand said Prime Minister Paul Keating of Australia would be asked to contact the U.S. Navy to see if the yacht could be salvaged.

The boat was second in the challenger's competition. The oneAustralia team said it would continue racing with its older boat, which is not considered as fast.

Bertrand asked race organizers for a postponement of Monday's scheduled race against France 3, until Thursday, to which all the foreign syndicates except the French agreed. The international jury was to rule on the postponement.

But oneAustralia was not the only boat damaged Sunday. France 3 was halted by a broken mast in its race against Rioja de España, and two crewmen were thrown into the water when the 110-foot spar came down. But, like the oneAustralia crewmen, they were picked up quickly.

Both U.S. boats on the water, Dennis Conner's Stars & Stripes and Mighty Mary, the America's Cup boat being sailed by an all-women's crew, were damaged. Stars & Stripes and Mighty Mary both lost the use of their mainsails because of broken gear, with only Mighty Mary reaching the finish line.

On Conner's boat, a crewman, Ralf Steitz, was lifted by harness up the mast to make repairs. But he lost his hold, and ended up hanging upside down for several minutes. He was lowered to the deck, and was not to be injured.

On Mighty Mary, a lock that keeps the massive mainsail up broke. The women lowered the sail, and raced with only a headsail, the smaller sail at the front of the boat.

Despite all the carnage at sea, the event's two race committees chose not to call off the racing at any point.

In the only race that was completed, Sydney 95 beat Nippon by 1 minute, 22 seconds. The race jury rejected Nippon's protest that the race should not have been sailed in such conditions.

"We advised the race committee that the conditions were unfit for these boats," Bertrand said. "as did Team New Zealand and the French."

Bertrand said the wind, which reached 22 knots, "was generally within the agreed conditions that these boats race in." Seas, however, were confused and choppy.

Pat Healey, regatta chairman for the international challenge teams, said he went along with previously agreed-upon parameters for racing. "As long as the winds were within that," he said, "it was our decision that the only way we could make racing equal was to go ahead sailing."

Also likely to be discussed will be the seaworthiness of the new breed of America's Cup yachts. To make them as light as possible, they are built with composite materials such as carbon fiber.

Ken McAlpine, an event manager who is responsible for making sure the yachts conform to certain design restrictions, said there are lower limits for how thick the carbon fiber skin must be. But there are no rules on how substantial the boat's interior framing must be.

Bertrand conceded that his team and the others pushed the envelope on yacht design. "We always push to make the boats lighter for higher performance," he said. "So when we sail in these conditions, they are totally stressed out. But I also must say that we still don't know what went wrong."

## After Tense 18th, Faldo Wins Doral

By Larry Dorman  
New York Times Service

MIAMI — All day long they had fought a war of attrition, with Nick Faldo, Greg Norman and Peter Jacobsen trading shots and the lead as they struggled around a Blue Monster course that had been awakened by the wind.

And just as it always seems to do here, things became messy Sunday at the final hole.

All Norman needed was a par, just a 4 on the 18th. If he could do that, he would be in a playoff with Faldo for the Doral-Ryder Open title and \$270,000.

But Norman hit his drive in the rough. The wind was blowing across his face, and his golf ball was sitting down deep in the high grass next to the lake.

Still, there was hope for Norman, even though Faldo had gone to the final hole with a two stroke lead and was swinging as well as he has all year. But Faldo, the man least likely to miss a fairway while in possession of the lead, hooked his tee shot into the water at 18.

He still managed a remarkable bogey, hitting a 3-wood over the lake and sliding the ball in just 20 feet from the pin. But he had opened the door for both Norman and Jacobsen, who was one stroke behind.

Now, with Faldo sitting in the score's tent at 15-under-par 273 after his final round 69, and with the largest Doral-Ryder Open crowd in the 34-year-old event ringing the green and lining the fairway, two dramatic shots gave the title to Faldo.

First came Norman's. He aimed his 6-iron shot right of the hole from 180 yards out. As

he tore at the ball, the heavy grass grabbed his clubhead, shut the face and his shot veered horribly off line.

It splashed into the lake that has claimed so many other wayward shots through the last 33 years and nearly hit the floating scoreboard some 30 yards right of the green.

One down, one to go. "I was thinking there would be a playoff and all of a sudden I heard this quick groan and Norman's in the water," Faldo said. "Then I hear that Peter has a 50-footer to tie me, and the way his luck was going this year I thought he was going to make it."

Jacobsen had been the crowd favorite all week. Mingling his way around the golf course, joking and bantering with the galleries, he had still managed to play almost as well as he did in winning the AT&T Pebble Beach and the Buick Invitational at California during the West Coast swing.

After pushing his drive to the right, Jacobsen hit a 4-iron shot from the rough that he estimated landed 55 to 60 feet short of the flag.

"The one thing I wanted to do was make sure I got it to the hole, to give it a chance," Jacobsen said later. "I didn't care if I knocked it past the hole."

As it turned out, he almost knocked it in the hole. That ball tracked all the way to the cup, but did not take a small break to the right at the end and slid just past. Jacobsen finished with a 73 and a tie for second with Norman. Faldo exhaled. He had won.

This was why Faldo came to the United States this year to play full-time on the PGA Tour. Coming into this event, he had played spottily. A tie for



Nick Faldo took a penalty stroke after a splashdown at 18.

ninth at Pebble Beach had been his best finish. He had made four of five cuts. But he had not been a force, a factor.

Now, through both Norman's largesse, a slight change in Jacobsen's luck and an increase in his own good fortune — not to mention an improvement in his putting — Faldo

has won in America for the first time since the 1990 Masters and on the PGA Tour for the first time since the 1984 Heritage Classic.

"This is exactly what I've wanted toward and what I wanted to do over here," he said. "Now I've done it, and I can get on with it."

## From Invincible to Human: Sampras Strains to Hold On

By Robin Finn  
New York Times Service

NEW YORK — What's eating Pete Sampras, and why can't he seem to win a tennis tournament anymore?

Just a year ago, Sampras didn't just appear invincible, he actually was. With the exception of an off night in Philadelphia last February, he won every tournament he entered last winter. His challengers started referring to him, with good reason, as superhuman. Playing Sampras scared them.

But this year, they're saying he's only human.

His contemporary, fourth-ranked Michael Chang, said with the greatest of candor last week that Sampras has "probably peaked" and that, if Andre Agassi can manage to tame his self-made ghosts, it is his turn to frighten the competition into submission.

That's why the off night that was simply a first-round aberration in 1994 seemed far more ominous when Sampras repeated it last month in the second round at Philadelphia.

"It's not a serious setback, it's just a bad match," insisted Sampras, who hasn't earned a title after three tournaments this year and continues to feel the second-ranked Agassi nipping ever more closely at his heels.

But the defeat was his second bad match in a row in Philadelphia, and it came on the heels of what he'd called a "pre-emptive" semifinal loss to Todd Martin in Memphis — a loss preceded by his very conditional surrender to Agassi in the Australian Open final.

If Sampras can't return to his winning form immediately, Agassi could take over the No. 1 spot with a victory this week in Indian Wells, California, where Sampras has yet another of his 10 titles of 1994 to defend.

"I need to start winning these close matches," he said, sounding a little bit lost. When misplaced confidence tends to be a terrible commodity to find, particularly in a solo sport like this one.

"I've got to get back to the drawing board, get some confidence back," he said before flying off to Scottsdale, Arizona, after requesting and receiving an emergency doubles wild card

into last week's ATP Tour event there.

Sampras considered requesting a wild card for singles but decided it might do him more harm than good.

What's the emergency that has caused the world's No. 1 player to feel he would rather not go out onto a tennis court alone?

In Scottsdale, Sampras entered and lost in doubles with his emergency coach, Paul Annacone. Sampras's longtime coach, Tim Gullikson, has been absent from the tour for just over a month, and to say the player misses him is a gross understatement.

In tennis, where the quality of an athlete's support team sometimes seems as critical as the quality of his talent, Sampras and Gullikson had built themselves a beautiful friendship.

Together, they plumped up the player's ground strokes to further enhance the best serve in the business, they charted out the proper path to the No. 1 ranking, they celebrated four Grand Slam singles championships.

Sampras won 23 of his 30 career titles under Gullikson's tutelage and in their three seasons together piled up a won-loss record of 227-44.

As of this week, Sampras has held the top ranking for 97 weeks, 78 of them consecutively. But the mentor who helped get him there and keep him there is suffering from a brain tumor, and without him, it's not the same.

This year Sampras can't conjure up that same level of self-directed adrenaline, for if he did, it would come at the expense of his humanity. And Sampras has lately proved he's a far more humane champion than anyone guessed. Robots, after all, don't cry.

Sampras had long prided himself on his control — of mind, body and racquet — on the court, but after Gullikson collapsed in Australia and had to be sent home for hospitalization, Sampras collapsed himself during his epic quarterfinal comeback against Jim Courier.

"I don't say or do things on court that are going to make the CNN highlight reel," he said, "except for that one time. I'm O.K. now as long as I know that Tim's O.K., that the doctors are taking care of him. I mean, it's out of my hands, and once I start playing, I've got to put that stuff out of my mind. Although you never really stop worrying."

Chang said he thought no less of Sampras for that emotional breakdown in Australia, or for the very evident fissure in his competitive armor.

"I know what it's like to cry in the middle of a match; I did it against Lendl at the French Open," said Chang. "Sometimes people don't understand that we're only human, too; sometimes the physical, emotional and spiritual things can just take you over."

He added: "The thing that's different about what Pete's going through is that it's not a pressure, like the expectations that come with being No. 1, or the pressure of having to win a match. I can't even relate to it, because thankfully I haven't been through it. But I can see that it's taking its toll."

Sampras, who had hoped playing doubles in Arizona would put him in the proper frame of mind to tackle Agassi and crew in Indian Wells next week, is handling that toll the only way he knows how. He's doing what Gullikson has asked him to do: he's playing his way through it.

## Top Cycling Team Losing Sponsor

LILLE, France — World road champion Luc Leblanc of France could soon be without a team because the company that owns the Le Groupement squad is withdrawing from cycling, a team spokesman said Monday.

He said that financial problems had prompted the decision, and that a formal announcement will be made March 30.

Among the other top riders on the team are Ronan Pensec of France and Robert Millar of Britain.

## CROSSWORD

**ACROSS**

- Witches
- The Metamorphosis author
- Office lingo
- Stin soothe
- Violence in an on-air
- It's west of Ark.
- Love leave it
- Hungry Like the Wolf singers
- Vegetarian's no-no
- Twist 12 and 20
- Actor Dick of "Swingtime"
- Duff
- acronym
- cum laude
- Freight weight
- Post laureate Cecil Day
- Julius ones
- Remove vital parts from
- Scold
- on a phone
- Buttlighter
- Actor Carole
- San Diego nine
- Parhandle
- Falk's Income
- More cagey
- "Kidnapped" monogram
- Eliminate
- See eye to eye
- Defect
- They're far out
- Candy from a machine
- 1989 hit by the Archies
- Mr. Nastase
- Counterfactuals' loss
- Hawkeye Pierce's portrayer
- Dan Fensley
- Brilliant babe
- "A bit of talent" is always welcome writer

**DOWN**

- Trusses
- Der (Adenauer)
- Self-righteous
- O'Hara's
- and Soda Water
- Minolta rival
- Adjoin
- Part of F.Y.I.
- 1977 Oscar actress
- So-Sine Emmy winner Ed
- Rascal
- Green pods
- Dross
- Mentally sound
- Casino employee
- Victorian, for one
- Distinguished
- Parody
- Historical record
- Howard Carter's 1922 discovery
- Whitman College site
- Paraphernalia
- Taste or touch
- Oil alternative
- Swamp
- Wall Street news
- TV host O'Connor
- Former White House family
- Kind of coffee
- Job hunter's need
- Slippery
- California snow
- Like winter animals
- Hammett hound
- Low-cut shoe
- Double critic
- Green
- Pots' tops
- Wife of Jacob
- Toothpaste type

**Solution to Puzzle of March 6**

OSAKA	SOAK	STAY
TRIAD	TATA	CAVE
TARZAN	OF THE	APES
OMAR	OMER	
OHIO	SEAR	REEVE
IRAN	HIVINS	GAZAR
GUSTO	WISTONE	
LODGE	GREYSTOKE	
MALADIES	SWISH	
AGED	SCION	ESE
RESET	RASE	CLAY
MOVE	EMMA	
METARZANY	YOUJANE	
AYER	LIBRE	LUNAR
PEEK	STAR	ENTER

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## ART BUCHWALD

## Focusing on Petty Cash

WASHINGTON — The collapse of Barings Bank, one of England's oldest financial institutions, has sent shock waves all over the world. It appears that a 28-year-old trader named Nicholas Leeson in Singapore managed to invest the bank's money in so-called derivatives and lost \$1 billion, causing the bank to crumble.



Buchwald

In order to find out if any other British banks were threatened, I visited the New York branch of God Save the Thrift Merchants of Dover, the second oldest investment house in the Commonwealth.

When I walked into the lobby on Fifth Avenue everyone was immaculately dressed except they wore no trousers. Michael Ford, the managing director, whom I had known during our days at Eton, explained the lack of pants. "It's our way of showing sympathy for Barings."

"What happened to them could have happened to any bank."

"Their trader Leeson bet on the wrong horse. But the chap was only 28 years old and just needed more seasoning."

I said, "Mike, this is the question that a lot of us are asking."

How can anyone lose \$1 billion without someone knowing about it?

"As I understand it, the bank was watching Leeson's lunch expense account closely, and it overlooked what he was doing with its funds. This happens all the time. We always focus on the petty cash but we ignore anything that has more than three zeros attached to it. Our people in London reported that Leeson was betting the Tokyo stock market would go up instead of down. It was a very reasonable wager, and one that any investor could have taken pride in had the stock market behaved the way Leeson thought it would."

"Why didn't Barings stop him from putting all the bank's chips on one number?"

"Because when a trader is hired one must let him make mistakes. Otherwise you risk creating a morale problem in the company."

"Do your people have carte blanche to play the derivatives market?"

"No we prefer to invest all the bank's money in the weather. It's much safer and if the temperature goes up we can make a killing. The reason that our investors trust us is that we always know when it's going to snow."

"How long do you plan to walk around with no pants on?" I asked Michael.

"At least until the crash quietens down. We had to show Wall Street that we didn't take the Barings incident lightly."

A runner came up to Ford and said, "Castor wants to know if he can buy \$200 million in Mexican lottery tickets."

Michael responded, "No. I prefer to put the \$200 million on a long shot in the Irish Derby."

## Michelin Bestows a 3d Star

Reviews

PARIS — Marc Veyrat, the chef of l'Auberge de l'Eridan on Lake Annecy in the French Alps, was promoted to the three-star rating in the 1995 edition of the Michelin guide, published Monday. But the total of three-star restaurants remains at 20: Pic, in Valence, south of Lyon, lost its third star.

## For Paris Opéra, a New Baton

By David Stevens  
International Herald Tribune

PARIS — The tumult and the shouting may be on the way out at the Opéra Bastille, the confused sloganeering and clownish violence a thing of the past, insofar as it may be possible to risk any prediction about an institution whose history, both recent and distant, has been so full of turbulence.

Nobody mentioned that poisoned catchphrase *opéra populaire* at the press conference Monday at which Hugues Gall, who takes over as director of the Paris Opéra in August, came out from the wings to introduce James Conlon — the New York-born Generalmusikdirektor of the city of Cologne — as his musical chief of staff at least until the millennium, if all goes well.

The operative word at this conclave was "professional." In the first instance it applies to Gall, whose quarter-century in the business of running opera houses includes a decade as the right-hand man of Rolf Liebermann on the bridge of the Paris Opéra, and the last 15 years as the director of the Grand Théâtre in Geneva. And his curriculum vitae before that included enough time in the corridors of French political life that he cannot plead surprise.

It certainly applies also to Conlon, who will be 45 on March 18, but who has packed a lot into the last quarter-century himself. A product of New York's Juilliard School, he conducted "La Bohème" as a 22-year-old student, under the eye of Maria Callas, and two years later became the youngest musician to conduct a subscription concert of the New York Philharmonic, and at the invitation of Pierre Boulez. In 1976, he made his first appearance at the Metropolitan Opera, where to date he has conducted more than 200 performances.

In Europe, he was the music director of the Rotterdam Philharmonic from 1983 to 1991. In Cologne since 1989, he has been music director of the opera, a major house that performs a wide repertoire on a typically German schedule — that is, almost nightly for more than 10 months a season. He is also head of the Gürzenich Orchestra, which is the name the Cologne opera's orchestra goes under in the concert hall. Historically, these two jobs have been held by different



James Conlon, new orchestra chief.

conductors, but since 1990 Conlon has worn both hats.

Amid this activity, he has managed to appear as guest conductor with most of the major orchestras and opera houses in both Europe and the United States, and his musical baggage includes an operatic repertoire of more than 50 works.

Meeting the French musical press Monday at the Bastille, having conducted a premiere of "Das Rheingold" the night before in Cologne, the slight, dark-haired conductor was soft-spoken and matter-of-fact as he said that, no, he was "not intimidated" at the prospect of stepping into the lion's den of the Bastille, that he was an optimist by disposition, and that he looked forward to working with a professional like Gall. "I expect to work here the same way I always have," he said with a disarming smile.

The filling of the Paris Opéra post

generated more interest than it normally would because of the overheated and confused history of the Bastille house, and especially the turbulent and emotional departure of Myung-Whun Chung, the Korean-born American conductor who was largely responsible for rebuilding the Opéra's orchestra from the wreckage of the late '80s, and who had an enthusiastic body of admirers in the public and in the orchestra itself.

In a way, Chung was a victim of his own success. With the administrative and technical chiefs of the house turning over so fast it was impossible to keep track of the upheavals, Chung was the only stable element. But the priority of the Cultural Ministry was to bring an end to the chaos of the last six years by centralizing the administrative and artistic powers in a single director. That man was Gall, and Chung did not fit into the picture. In one sense, Conlon is not Chung's successor because the job is not the same.

Conlon takes the title of musical adviser to the director, beginning in May. Then from August 1996, his title becomes permanent conductor of the Opéra National de Paris, "and under the authority of the director, responsible for the Opéra's musical formations (orchestra and chorus)."

The new man on the podium explained that he would live in Paris and spend six months of each season here. His contract calls for a minimum of 35 performances, operas and concerts, and while his contract continues in Cologne, it is on a reduced scale. His other job, a May opera festival in Cincinnati, does not seem to be a very time-consuming factor.

At the press conference, Gall started to recapitulate all the woes of the Opéra Bastille, but he didn't get very far because he could not remember the names of all the people who passed through during the inlame period of Pierre Bergé, the head of the Yves Saint Laurent fashion empire called in by the Socialists to run the opera.

Gall got as far as recalling Bergé's firing of Daniel Barenboim and the junking of all his plans, and he added that in his opinion it was "very wrong" to have done this. He also seemed very pleased to have found a real pro to handle musical matters. Paris opera fans certainly hope so, too.

## PEOPLE

## Museum Chief Gets Ax

The newly chosen director of the U.S. Holocaust Memorial has been forced to resign — two weeks before he was to take up the post and after he had ordered \$20,000 of cherry bookcases for his office. Steven T. Katz, 50, resigned following a news report that several years ago he was censured for misrepresenting to Cornell University, where he is a tenured professor, that he had a book contract with Harvard University. Terms of his departure include funding for Katz, while he works on the second and third volumes of "The Holocaust in Historical Context."

Heather Whitestone, who is deaf as well as being the current Miss America, is under attack for speaking as well as using sign language. "A lot of us feel she shouldn't represent us to the mainstream world," said Teresa Ezzell, an official of Gallaudet University, the Washington school for the deaf. Whitestone, 22, says: "I've never advocated one communication method over another. It hurts me to be misunderstood."

"Forrest Gump" won the top movie award in the 21st annual People's Choice Awards, which are decided in a Gallup Poll of 8,000 Americans. Tim Allen scored a double with favorite male TV performer ("Home Improvement") and favorite actor in a comedy motion picture ("The Santa Clause").

In the movie "Yentl," Barbra Streisand played a girl who wanted to get an education so much that she masqueraded as a boy. Now in real life she'll be getting an honorary doctorate from Brandeis University.

The R.E.M. drummer Bill Berry is recovering from surgery to stem bleeding in his brain, but the band's lawyer

said a world tour is on hold. "All we are concerned about right now is getting him well again," Bertie Dewas, the lawyer, said. Berry, 36, co-founder of the Atlanta rock group, collapsed Wednesday during a concert at Lausanne, Switzerland.

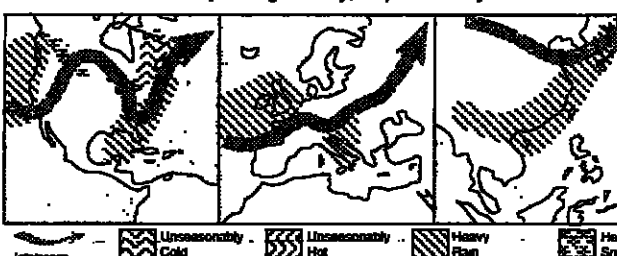
The actress Mia Farrow is cross because Fox Television's unauthorized film biography, according to her, underplays sexual abuse of her children by her former lover, the humorist, actor and director Woody Allen. She accuses the movie of "gross distortion," and says New York courts found "substantial evidence" of abuse. But a spokesman for Allen said, "We are saddened that Mia Farrow continues to foster the false allegation of sexual abuse by Mr. Allen."

Former President Jimmy Carter and his wife, Rosalynn, have donated their house in Plains, Georgia, to the National Park Service to become part of the Jimmy Carter National Historic Site. The Carters built the house in 1961.

Emperor Hirohito's widow turned 92 on Monday, making her the longest-living empress in the history of Japan's ancient Chrysanthemum Throne. The Empress Dowager Nagako, the mother of Japan's reigning emperor, Akihito, marked the day quietly. Celebrations were canceled because she is suffering from a cold, the palace said. Nagako has outlived the Empress Kamei, wife of the Emperor Go-Rei, who reigned from 1045 to 1068. Kamei also lived to be 92, but by the old reckoning, in which babies were considered a year old at birth. Nagako's 65-year marriage to an emperor holds the record for that, too.

## WEATHER

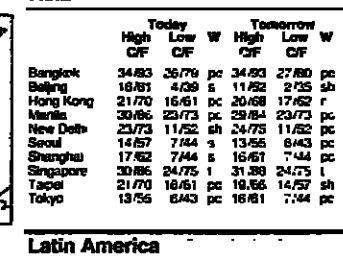
Forecast for Wednesday through Friday, as provided by Accu-Weather.



**North America**  
Midweek rain along the East Coast will be followed by cooler, probably dry, weather Thursday and Friday. Toronto and Chicago will be dry and moderately cold. The Rockies and Plains will be in warm. Wind and rain will invade the West Coast.

City	Today	High	Low	Wind	Temp	City	Today	High	Low	Wind	Temp
Albuquerque	65/81	11/52	5	10-14	11/52	San Francisco	65/81	11/52	5	10-14	11/52
Anchorage	74/84	32/27	10	8-12	32/27	Seattle	74/84	32/27	10	8-12	32/27
Atlanta	84/92	22/13	10	10-14	22/13	St. Louis	84/92	22/13	10	10-14	22/13
Boston	65/81	11/52	5	10-14	11/52	Tampa	65/81	11/52	5	10-14	11/52
Buffalo	65/81	11/52	5	10-14	11/52	Washington	65/81	11/52	5	10-14	11/52
Chicago	65/81	11/52	5	10-14	11/52	Phoenix	65/81	11/52	5	10-14	11/52
Cincinnati	65/81	11/52	5	10-14	11/52	Portland	65/81	11/52	5	10-14	11/52
Cleveland	65/81	11/52	5	10-14	11/52	San Diego	65/81	11/52	5	10-14	11/52
Dallas	65/81	11/52	5	10-14	11/52	Spokane	65/81	11/52	5	10-14	11/52
Denver	65/81	11/52	5	10-14	11/52	Wichita	65/81	11/52	5	10-14	11/52
Detroit	65/81	11/52	5	10-14	11/52	Yonkers	65/81	11/52	5	10-14	11/52
El Paso	65/81	11/52	5	10-14	11/52						
Houston	65/81	11/52	5	10-14	11/52						
Los Angeles	65/81	11/52	5	10-14	11/52						
Memphis	65/81	11/52	5	10-14	11/52						
Minneapolis	65/81	11/52	5	10-14	11/52						
Mobile	65/81	11/52	5	10-14	11/52						
Montreal	65/81	11/52	5	10-14	11/52						
New York	65/81	11/52	5	10-14	11/52						
Oakland	65/81	11/52	5	10-14	11/52						
Philadelphia	65/81	11/52	5	10-14	11/52						
Pittsburgh	65/81	11/52	5	10-14	11/52						
Portland	65/81	11/52	5	10-14	11/52						
San Antonio	65/81	11/52	5	10-14	11/52						
San Jose	65/81	11/52	5	10-14	11/52						
St. Paul	65/81	11/52	5	10-14	11/52						
Stockholm	65/81	11/52	5	10-14	11/52						
San Francisco	65/81	11/52	5	10-14	11/52						
Seattle	65/81	11/52	5	10-14	11/52						
St. Louis	65/81	11/52	5	10-14	11/52						
Tampa	65/81	11/52	5	10-14	11/52						
Washington	65/81	11/52	5	10-14	11/52						
Phoenix	65/81	11/52	5	10-14	11/52						
Portland	65/81	11/52	5	10-14	11/52						
San Diego	65/81	11/52	5	10-14	11/52						
Spokane	65/81	11/52	5	10-14	11/52						
Wichita	65/81	11/52	5	10-14	11/52						
Yonkers	65/81	11/52	5	10-14	11/52						

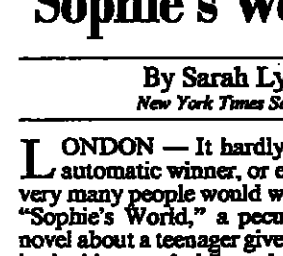
As of 11:00 a.m. EDT, March 7, 1995.



**Europe**  
London will have a few showers on Wednesday, then windswept rain from late Thursday into Friday. Paris will also turn windy and showery. Wet weather is expected in Rome on Thursday. Showers are possible in northern Spain, but the rest of the Iberian Peninsula will be dry.

City	Today	High	Low	Wind	Temp	City	Today	High	Low	Wind	Temp
Algeria	65/81	11/52	5	10-14	11/52	London	65/81	11/52	5	10-14	11/52
Amman	65/81	11/52	5	10-14	11/52	Madrid	65/81	11/52	5	10-14	11/52
Baghdad	65/81	11/52	5	10-14	11/52	Moscow	65/81	11/52	5	10-14	11/52
Bombay	65/81	11/52	5	10-14	11/52	Paris	65/81	11/52	5	10-14	11/52
Buenos Aires	65/81	11/52	5	10-14	11/52	Rome	65/81	11/52	5	10-14	11/52
Calcutta	65/81	11/52	5	10-14	11/52	Stockholm	65/81	11/52	5	10-14	11/52
Cairo	65/81	11/52	5	10-14	11/52	Tokyo	65/81	11/52	5	10-14	11/52
Chennai	65/81	11/52	5	10-14	11/52	Washington	65/81	11/52	5	10-14	11/52
Dhaka	65/81	11/52	5	10-14	11/52	Yonkers	65/81	11/52	5	10-14	11/52
Delhi	65/81	11/52	5	10-14	11/52						
Dubai	65/81	11/52	5	10-14	11/52						
Guangzhou	65/81	11/52	5	10-14	11/52						
Hong Kong	65/81	11/52	5	10-14	11/52						
Kolkata	65/81	11/52	5	10-14	11/52						
Los Angeles	65/81	11/52	5	10-14	11/52						
Manila	65/81	11/52	5	10-14	11/52						
Mumbai	65/81	11/52	5	10-14	11/52						
Nairobi	65/81	11/52	5	10-14	11/52						
Seoul	65/81	11/52	5	10-14	11/52						
Singapore	65/81	11/52	5	10-14	11/52						
Taipei	65/81	11/52	5	10-14	11/52						
Tokyo	65/81	11/52	5	10-14	11/52						
Yokohama	65/81	11/52	5	10-14	11/52						

As of 11:00 a.m. EDT, March 7, 1995.



**Asia**  
Most of Japan will have dry, tranquil weather on Wednesday, but a storm will sweep in from the southwest later in the week, bringing wind and rain. The storm may briefly affect Fuzhou, but Seoul should remain dry. Rains will dampen much of southeast and south-central China.

World" is on the best-seller list in Italy and Korea, and will be in a total of 33 countries, including Brazil and Slovenia.

And in Britain, where it was thought to be too literal-minded, books about metaphysics, like this, directly to the top spot of the Times best-seller list, where it remained for two months.